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THE CHALLENGE OF '98

Coping With Globalization

U.S. Booms Along, Shadowed by Nervousness

By Louis Uchitelle

NEW YORK — So far, the Asian financial crisis has hit Boeing Co. with all the force of a wispy feather. An Indonesian airline delayed delivery of three planes for less than a week, and some Asian airlines have talked about giving up options to buy new jets. But not one actual order has been

canceled, and the Boeing assembly lines are straining to keep up with demand.

Behind that picture of good fortune, however, is a disquieting fear. Nearly onethird of Boeing's backlog of orders are from Asian airlines. If they began to cancel, BoeThe U.S. economy, like so many of its premier companies, is in a similar position. There is plenty to celebrate, but the boom is precarious.

The odds are that the economic expansion that began in 1991 will last at least another year, becoming, by December, the second-longest period of uninterrupted growth in half a century, trail-ing only the 1960s. All 52 forecasters sur-veyed monthly by Bine Chip Economic In-dicators expect 1998 to be another year of

> But the Asian crisis has raised some alarms. There are other threats —a consumer debt crisis, a sharp decline in stock prices, a punishing trade deficit. Unemployment could rise if corporate profits shrank, bring

ing fresh cost-cutting and layoffs. Some experts ever raise the specter of deflation, which could pull down incomes as well as prices, leaving many Americans

without enough money to pay off their debts.

All of this sounds unduly pessimistic today, as the good times continue to roll. Bot rarely since World War II have so many scary images infiltrated the forecasts. Even the optimists struggle with them.

"People are talking of the domino effect: If Korea and Japan are down, who are we in America to think that our economy can grow, anyway?" said Stephen Roach, chief economist at Morgan Stanley, Dean Witter, Discover & Co. "I hear that line all the time, and I totally reject it. Over the last two years, the

See BOOM, Page 7

Will Japan Drag Itself Out of the Doldrums?

By Clay Chandler
Washington Post Service

TOKYO — Japan's economy, the world's second largest, is barely growing; its stock and real-estate markets are in the cellar and its banks are buried In bad loans. Consumer confidence is faltering, corporate bankruptcies are at record levels and the johless rate is creeping to a post-World War II high. And, just as in 1990, prospects for recovery are murky.

On Monday, Tokyo stocks fell almost 2 percent as investors registered their pessimism that the economy would turn around, and the auto industry reported its first annual decline in sales in four years.

Financial crises elsewhere in Asia have prompted investors and government officials around the world to wonder whether the giant Japanese econ-omy, too, might be in danger of collapse. That possibility cannot be ruled out, but the more likely scenario is that the former vigor of Japan's economy will pass with a whimper, not a bang.

Indonesia Crowds

More than 1,000 people ram-

paged through the center of the city

of Bandong in West Java Province on Monday after the Indonesian

government tried to close down il-

legal street vendors, the police said.

windows of a supermarket and oth-

er stores, many of them owned by

members of the country's ethnic

Arab Ministers Act

To Block Terrorists

TUNIS (AFP) - Arah interior ministers meeting here Monday adopted an accord aimed primarily

at stepping up the fight against Is-

lamic fundamentalist movements

The accord aims to "tighteo se-

curity controls to prevent terrorist

elements crossing borders between

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Britain's Big Dome for the Big Do

PAGE TWO

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New York Monday @ 4 P.M. previous close

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Page 11.

... Pages 8-9.

. Pages 20-21.

in the Arab world.

Chinese minority. Page 4.

Witnesses said rocks smashed

Battle the Police

The real risk for Japan, some analysts argue, is not that its economic difficulties are so severe, but that they are not severe enough. Short of a genu-ine calamity, the pessimists say, poli-cymakers will see oo reason to reassess the centrally guided model on which they have relied since World War II.

More articles,

That model -- characterized by cozy alliances between government and industry, shadowy accounting rules, carefully ordered labor markets, special protections for producers and heavy reliance on banks rather than the equity markets for corporate financing — worked spectacularly wheo Tokyo was struggling to rebuild its war-torn econ-

omy and catch up to U.S. companies.

But now Japan's prolonged stagoadon casts a cloud over the world economy that is perhaps more ominous than the blowups elsewhere in Asia. Japan's economy is seven times the size of China's, and its gross domesoc product accounts for nearly 75 percent of the total output of all the countries in

... American financial institutions in



In Seoul, clients of a failed bank clamoring to withdraw their assets Monday. The crisis is forcing Koreans to rethink their ways. Page 15.

particular have developed a dense web of relacionships and cootractual ob-ligations in Japan, while their coo-

nections io the rest of Asia remain relatively tenuous.

· And for U.S. exporters, even a tioy

more than a big chunk of markets elsewhere in the region. Many analysts expect Japan's GDP growth to come in

See JAPAN, Page 15

piece of the Japanese market is worth

A Bigger NATO's Worry: Spy Agencies

Some in Alliance Ask if Secret Services of Ex-East Bloc Can Be Trusted

By Jane Perlez New York Times Service

WARSAW - As NATO membership for three Ceotral European nations draws closer, officials in Washington and Western Europe are scrambling to deal with one of the most sensitive aspects of the alliance's expansion: the trustworthiness of intelligence agencies

in the former Soviet-bloc countries. A basic question facing the Clinton administration as it pushed for the enlargement of NATO was whether the spy ageocies in Poland, the Czech Republic and Hungary, which until eight years ago served Moscow, could be

trusted to keep secrets. U.S. officials say they concluded that

there had been enough house cleaning of the three former Warsaw Pact intelligence agencies and enough distance since the end of communism to ensure

reliability. But for others in Washington, at NATO headquarters in Brussels, and for some officials in Warsaw and Budapest, the conclusions are not so cut and

Because of its confidence, the Clinton administration rejected proposals to create an extra layer of screening for the people who will be sent by the three countries to NATO headquarters,

NATO and U.S. officials said. "The bottom line is that because they know the Russians, they are savvy about

the hostile Russian threat, which is still

there," a senior official at the center of NATO policy in Washington said of the Ceotral European countries. "It's not the case of, 'Oh God, they're riddled

with KGB ageots; you can't share anything with them.''
The official said the selling of secrets was a danger in any intelligence service. Asked if the risk was higher in Central Europe, he said, "The bottom line is that professionals in counterintelligence

say absolutely not." But some Western officials fear that the United States has bent over backward to treat the newcomers as equal partners, planning to share sensiove in-

See NATO, Page 6

formation with them in the same way it

Asian Currencies Fall to New Depths

Thais, Facing a Deterioration, Seek Review of IMF Conditions

By Thomas Crampton nternational Herald Tribune

BANGKOK - Southeast Asia's currencies began the New Year with a plunge as the regioo's economic crisis showed no signs of abating, and Thai-land announced that it would be forced to revise its International Monetary

Prime Minister Chuan Leekpai said Mooday that Thailand would oot be able

George Soros said he was weighing investments in Korea. Page 13.

to produce a hudget surplus, as required by the \$17.2 hillion IMF bailout package that was negotiated in August before the economy had taken a more serious fall.

"The premises on which the terms were based have changed," Mr. Chuan

The original package was based on the projection that the baht would sta-bilize at around 32 haht to the dollar and that the economy would grow by 2.5 percent in 1997. The baht on Monday briefly went beyond 50 to the dollar, and the government has estimated that growth in the year just ended will be just 0.3 percent.

Competitive devaluations of currencies in neighboring countries and capital flight from Asia also made the changes necessary, Finance Minister Tarrin

Ninumanahaeminda said. 'This is not a renegotiation. A renegodation means to take the easy way ont," Mr. Tarrin said. "This is a review by mutual consent that takes into ac-

couot changes in the situation. On Monday, the bleak regional economic news cootinued, with the currencies of Indonesia, Malaysia and Thailand all hitting lows against the

dollar during trading.

The Indonesian rupiah, which has lost more than 63 percent of its value against the dollar since July, fell 5.6 percent to close in local trading at 6,700 rupish to the dollar, while the Thai baht momentarily slipped beyond 50 bahr to

the dollar but closed at 49.85. Currency traders said that the regional decline Monday was brought on hy continued wariness of the region contbined with the dollar's strengthening

against the yen. The fall has been accelerated by ex-

porters delaying repatriation of funds earned overseas and companies being forced to exchange local currency for dollars to repay overseas debts.

One month ago I said things would be on track hy now," said the head regional economist for a major insti-tution, requesting anonymity. "What we are seeing, however, is a paradigm shift in expectations for the entire re-

We economists are paid to give proenostications about what is happening,"

he said. "But I have been completely

consider deflation to be "a significant near-term risk" for the U.S. economy. Mr. Yardeni has been warning about deflation for months, and after the Asian crisis that began this summer, the view has been gaining adherents. While some Asian countries' currencies have col-

Finance Minister Tarrin speaking

to the press Munday in Bangkok.

Dollar Soars

As Investors

Seek Safety

Asia Turmoil Causes

Fears of Falling Prices

By Milchell Martin

NEW YORK - Investors around the

world piled into the dollar and the American bond market on Monday, opting for

the perceived safety of U.S. assets at a

time of increasing global concern about falling prices, analysts said.

The whole deflation issue was giv

en the official seal of approval as a legitimate topic by Fed Chairman Alan

Greenspan in the speech he gave in

Chicago on Jan. 3." said Ed Yardeni.

chief economist at Deutsche Morgan

Grenfell. "I haven't had a chance to

count how many times the word de-

flation was mentioned in his speech, but

the text of the speech to American Eco-

nomic Association and American Fi-

nance Association that the Federal Re-

serve Board posted on its Internet site.

although Mr. Greenspan said he did not

In fact, the word appeared 17 times in

he kept hitting at it."

lapsed, the costs of those countries' exports in dollar terms have plunged, putting pressure on competitors around the world. The countries with weak econonties and currencies also are forced to reduce their imports, limiting markets for exporters from other countries. The pricing pressures have been growing since October, when the

Asian contagion began moving to some of the bigger centers, notably Japan and South Korea, according to William Sullivan, chief money-market economist at Morgan Stanley, Dean Winer. Indeed, the yen was notably weak on Monday. The dollar rose in New York to 133.565 yen on Monday, from 132,295 yen on Friday. The South Korean won also weakened, with the dollar rising to 1,650 won in Seoul, up from 1,600 won on Friday and 841 at the start of 1997.

The dollar also strengthened against the main European currencies. It rose to 1.8256 Deutsche marks from 1.8035 DM. Mr. Yardeni said the appetite for dollars reflected a "flight to quality." adding, "there are a lot more uncertainties in Europe than in the United

See DOLLAR, Page 14

A Jubilant Netanyahu Wins Battle Over Budget

By Serge Schmemann
New York Times Service

JERUSALEM - Prime Minister Benjamin Netanyahu on Monday handily cleared his first parliamentary challenge since the resignation of Foreign Minister

David Levy, winning approval for his 1998 budget by a vote of 58 to 52.

They've eulogized me at least 18 times in the last 18 months - and look, I'm still here," a huoyant Mr. Net-anyahu declared when the 207-hilliooshekel (\$57.7 billion) budget sailed through hours earlier than expected.

Mr. Levy, who sat in the cafeteria for most of the debate and procedural voting, joined four members of his Gesher faction in voting against the budget. Only one member of Mr. Netanyahu's remaining coalition, the former Science Minister Benny Begin, voted against the government, but his vote was offset by a Labor member who accidentally voted "yes."

The budget victory, however, did not amount to an "all clear" for the prime minister's struggling coalidon. A new battle looms with the arrival of the U.S. mediator for the Middle East, Dennis Ross, who was expected Tuesday to start preparatioos for Mr. Netanyahu's meeting with President Bill Clintoo in

Washingtoo on Jan. 20. In the intervening two weeks, Mr. Netanyahu is supposed to win approval from his cabinet for a further withdrawal from the West Bank, which Washington reportedly expects to be in the range of 12 to 15 percent. Resolute naconalists in the coalition, most notably the National Religions Party, have vowed to battle any withdrawal, while the centrist Third Way party has threatened to leave the government if

it fails to approve a credible pullback. With Mr. Netanyahu now in command of only 61 votes in the 120-seat Knesset, any further defection would be tantamount to the collapse of the gov-erument, and subsequent elections.

That possibility dominated political speculation across Israel. Every Knesset member now becomes a king, and Netanyahu the servant of all his masters," wrote Yossi Verter in the liberal oewspaper

Ha aretz, referring to Mr. Netanyahu's slim margin in a Parliament and a government riddled with dissension. But there were also analysts who

began arguing that the prime minister could capitalize on the situadoo and call elections himself, thus seizing the ad-

See ISRAEL, Page 6



Round-the-World Balloon Attempt Fails

Steve Fossett smiling on Monday after he landed his craft safely near the Black Sea in Russia. He managed to fly about a third of the way around the world before he was stymied by weak winds, low fuel and equipment problems. Page 5.

Forget James Bond: The New Interpol Is the Real Thing

By Jack Nelson Los Angeles Times Service

LYON - When police in Luxembourg arrested a ligerian nadonal suspected of trafficking in heroin from Thailand last year, they believed they had a workaday case of small-time smuggling. Purely as a matter of routine, they passed the information along to

Interpol headquarters here. Interpol analysts put the report together with data from other sources, and an unexpected picture snapped into focus: a huge drug ring operating in more than 30 countries across Africa, Central America, Asia, Europe and North America.

Acting on Interpol's evidence, the police arrested additional suspects, including a Nigerian drug lord

moreover, provided new material for an investigation of what a U.S. law enforcement agent describes as the drug world's hottest and most successful new method of distributing its products: the international postal

They are smuggling through the mail such amounts as 500 grams at a time," the U.S. agent said.
"Small, compared with the huge amounts the cartels are used to shipping at ooe time, but altogether, tons and tons are being mailed."

Key to Interpol's success in the Luxembourg case were its vast computer data base and its ability to link seemingly unrelated suspects from airline flight records, telephone numbers, criminal records and code

Such sophisticated crime detection may be just what most Americans would expect from an international law enforcement agency that gave rise to "The Man From Interpol." the James Bond-style television series that began in the 1960s.

For most of Interpol's history, however, the reality has been far different.

Until relatively recently, Interpol - or, formally, the International Criminal Police Organization — was best known among law enforcement experts for its outdated technology, labyrinthine hureaucracy and unreliable protection of sensitive iotelligence infor-

mation. "Frankly, it was embarrassing and not quite rel-

See INTERPOL, Page 5





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What's in a Dome? That Is Britain's Question

By Tom Buerkle

ONDON — The ring of giant steel masts soars above the banks of the River Thames like the superstructure of a futuristic huilding, or a massive theme-park attraction. Just which il will turn out to be, or whether the project is merely Britain's biggest white elephant, is a matter of increasingly fevered debate here.

The 100-meter masts will support the Milleonium Dome, Britain's showcase for ringing in the vear 2000. And like much of the hype surrounding the approach of the millennium itself, the dome is nothing if not outsized.

The £758 million (\$1.27 billion) building is the biggest single construction project in Europe, and the most ambioous effort by any government anywhere in the world to celebrate the turn of the century. The Teflon-coated dome will be the largest structure of its kind, twice the size of Wemhley Stadium in London or the Georgia Dome in Atlanta.

Britain's leading creative figures. The dome is designed by the architect Richard Rogers, who created the Pompidou Center in Paris, while the exhibioon inside, hilled as a multimedia experience about the nature of time and the way Britons will live in the 21st century, is expec-ted to include contributions from artists like David Hockney and Damien Hirst, and the theatrical producer Sir Cameron Mackin-

But the project's colossal physical and financial dimensions, and a thick veil of secrecy over just what attractions will make up the exhibition, have made the dome a target of criticism, ridicule and wild speculation.

While the dome is intended to extol British achievement and innovation to the world, the debate over the exhibition's content has revealed sharp disagreement over the nation's very identity.

Peter Mandelson, the minister without portfolio who is supervising the project, told the House of Commons Culture Committee last month that the dome was "already coming to symbolize an in-novative, dynamic, assertive and self-coolident Britaio." For many critics, that sort of talk suggests that Mr. Mandelsoo is intent on using the dome to further the Lahour government's re-hranding of the country as a hip place freed from its traditioos, a kind of festival of cool Britannia.

The Daily Telegraph recently bemoaned reports that the dome will have oo Union Jacks flying, and apparently no exploration of the country's Christian tradicion, despite the fact that the project marks the vear 2000.

"The dome is empty," the newspaper said in an editorial. "It stands for the vacuum of a civilization that has lost the understanding of what makes it

For all of the polemic, there is a broad consensus here that Britain should mark the year 2000 with an ambitious, national project. The country still re-

gards itself as the global keeper of time because of the meridian of zero loogitude that runs through the southeast London borough of Greenwich, where the dome is located. The meridian graces the edge of the

site hut not the dome itself.
"The millennium is not just an arbitrary collection of digits, but a moment in time which has meaning not only for Christians hut for everybody," the Commons Culture Committee said in a receot report. "It provides a great opportunity for a national celebration.

This is, after all, a country that likes to throw a party now and then. Britain staged the Great Exhibition of 1851 to tout the country's industrial prowess. One century later, the 1951 Festival of Britain celebrated the country's recovery from World War II. Britain also can afford a big blowout thanks to the largesse generated by the national lottery, which will cover up to £449 million of the dome's costs. The rest is supposed to be paid for by corporate sponsorships, ticker sales and millennium merchandise. And the dome isn't all. The country plans to spend more than £3 billion on a host of millennium

The colossal scope of the Millennium Dome, being built on the edge of London's

environmental research in Doncaster.

Docklands district, has made the project a target of criticism, ridicule and speculation.

projects including a giant Ferris wheel to be simated across the Thames from Parliament, a new branch of the Tate Gallery in London, the world's largest

greenhouse in Cornwall and an Earth Center for

"There is an almost overwhelming amount of cultural change and investment," said David

Quarmby, a director of the Millenoium Dome and

head of the British Tourist Authority. His agency expects millennium attractions to generate an extra

£1 hillioo in speoding by foreign tourists in 2000.

festivities, Paris authorities were ridiculed in early

December when they announced preliminary plans

that included a giant egg descending the Eiffel Tower. Germany will hold Expo 2000 at the in-

dustrial fairground in Hannover, but that event is

more about Germany's first attempt at holding a

world's fair than a celebration of the millennium.

RITAIN'S amhitions dwarf the plans of

most of its rivals. While the French gov-

francs (\$132.6 millioo) for millennium

The U.S. government has oo plans for a major millennium event, although New York City is hoping to attract a larger-than-usual crowd to Times

The Greenwich dome, conceived by the previous Conservative government, was nearly written off as an extravagance by the new Labour government of Prime Minister Tony Blair, and the project still sits uneasily with some Labour supporters at a time when their government is cotting welfare benefits to single mothers. But Mr. Mandelson, whose grandfather organized the 1951 festival, relaunched the project in June with supposedly clearer goals and a strengthened management team.

He told the Commons Culture Committee last month that the exhibition would explore three broad themes: who we are, what we do, and where we live. He said plans included one exhibit called "Qualify for 20 jobs you never knew existed," while another would provide an opportunity to "Play at Surfball: the new 21st century sport." But Mr. Mandelson later fueled speculation that exhibit plans remained sketchy by spending last weekend at Disney World

in Orlando, Florida, and then suggesting centerpiece attraction might be a town square modeled after the Magic Kingdom's Main Street, U.S.A. So far, the hints

"The structure has great power, even in skeletal form, to excite and inspire," the culture committee said in its report on the dome. But the Millennium Experience, as the attractionwill be called, "is not so much a journey through time as, at any rate for those of us not made privy to the plans, a journey into the unknown."

Executives at the New Millennium Experience Co., the govemment-owned body that will design and operate the dome, insist that secrecy is essential to huilding public suspense and excitement about the project, and winning corporate sponsors

for the main attractions. Six companies have already signed on, led by British Airways, and company officials hope to announce more sponsors and exhibition details in February.

The project also has come in for criticism oo a more practical level. Keith Bales, who has helped design attractions for Walt Disney Co., said none of the Millennium Experience directors had "ever run, managed, designed or promoted in any way whatsoever a major international leisure attraction." He also expressed doubt that the organizers would be able to accommodate the 12 million visitors expected at the dome in 2000, which rivals the 12.6 millioo annual visitors to Disneyland Paris.

rector and former editor of The Times, dismisses the criticisms as the same type of "releutless, cynical preamble" that preceded the exhibitions of 1851

Such events, he told the Commons committee, were "hated, loathed and despised in advance, but as soon as they open, they are great, seminal cultural

U.S. Will Test 2 Systems Afrial. Una To Detect Turbulence

By Matthew L. Wald New York Times Service

WASHINGTON - To the U.S. Federal Aviation Administration, the problem seems almost insurmountable: Every year, a dozen or so airplanes hit turbulence so severe that passengers and flight attendants suffer broken bones, coocussions and, once in a while, as on a United Airlines flight from Tokyo on Dec. 28, death.

Two tiny companies, though, say they think they have solutions for detecting these invisible potholes in the sky, using remote sensing technol-

Both technologies began in the Pentagon as better ways to kill people. By using lasers to find rapid movements in air, researchers believed they could help detect enemy ships and planes and improve the accuracy of bombs. With help from the Federal Aviation Administration and the National Aeronautics and Space Administration, both systems will be tested beginning early this

Turbulence associated with thunderstorms is easy to spot, hut the main technique for detecting clear air tur-bulence has always been to fly right into it. Eager to reduce the casualty toll, the pilots turn oo the seat-belt light at the first sign of a hump, or the first report from another airplane, but they do this so often that passengers disregard the warnings, and most injuries come when the seat-belt light is already oo.
"For years, the No. 1 causal factor for

injuries to passengers on commercial airlines has been clear air turbulence," said Clifford Hay, a program manager at the aviation agency who is in charge of one of the new research efforts. It will get a first test at Kennedy International Airport in New York this mouth or

A more advanced laser effort will be tested aloft in April. It is from Coherent Technologies of Boulder, Colorado. After 14 years of research, financed in part by \$30 million from the Pentagon, Coherent Technologies has a oew kind of detector that it believes will sense the movement of air miles ahead, providing time for a pilot to take evasive action, or at least issue a more authoritative warning to passengers and the cabin crew.

The most conscientious pilot in the world, if he doesn't have good information, can't do a very good joh of controlling the seat-belt light," said Rodney Bogue, a staff scientist at NASA's Drydeo Flight Research Center, in Edwards, California, which has sponsored some of Coherent Technologies' work.

A light that turned on only when there' was significant turbulence, Mr. Bogue said, would "go a long way to make believers out of people" and would prompt passengers to bockle up.

The Coherent Technologies system is called LIDAR, for Light Detection and Ranging. ("Radar" stands for Radio laser beam 2 to 4 inches (5 to 10 centimeters) wide. A patented electronic device switches a gate open and shut to create pulses 50 yards (46 meters) long. at a rate of 150 to 200 pulses a second. Air cannot reflect laser signals, but tiny particles suspended in the air can, and the system measures the reflected laser

WEATHER

Detecting such tiny particles requires a very short wavelength. For example the aviation agency's radars operate at a wavelength of 2 meters, or about 6 feet and can see a solid object as small as 3 feet in diameter. LIDAR uses inframe. which is one one-millionth as long agency radar wavelengths.

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The system uses low power levels, so the laser cannot blind other pilots, but a major question is how far ahead the system can see. Paul Reveley, market ing manager at the company, said so-entists believed it would be 6 to the miles. "It should be able to providera pilot with somewhere in the neighborhood of 30 seconds of advance warring of some sort of turbulence event ahead and a direct measure of how severe it would be," he said.

By sensing air movements ahead, the system would also help pilots identify nearby altitudes with better tail winday less head wind, the company believes,

Both will use laser technology — one to measure reflected light to. sense air movement, the " other, a 'virtual microphone,' to listen for: the sound of turbulence.

and in the intensely competitive aviation industry, would be adopted as a fuel-saving measure.

A second approach, sponsored by the Federal Aviatioo Administratioo and overseen hy Mr. Hay, is to use lasers to make a "virtual microphone," to listen for the sound of turbulence or airplane wakes. A regular microphooe uses membrane that vibrates in response to sound waves; this ooe will use a laser beam 100 yards long to detect passing sounds by measuring the sudden changes in air density. The laser beam travels more slowly through denser ain.

Using several beams at different locations around the airport and noting the time at which the sound arrives at each. a computer can calculate the direction and distance to the source.

The system, called Socrates, will be tested at Kennedy Airport. The effort is led by a private company founded six mooths ago, Flight Safety Technologies of New London, Connecticut, using methods perfected by the navy for submarine use.

Samuel Kovnat, a physicist who is chairman and chief executive of Flight Safety Technologies, said the experiments will develop a "ivoiceprint." for all the sounds the beam will hear, by listening for different deequencies. An early goal is to distinguish the sounds of jet engines, air rushing over the wings, airplane hrakes and turbulence in air-

If the ground-based system canabe version that would send lasers out to sense sound vibrations a few hundred feet from the airplane. They would sense soood by measuring particles in the air as they vihrated.

Speaking of the Socrates system, Mr. Hays said, "They've had some good initial results on this, and they've got us very interested."

Western Europe Begins to Clean Up

LONDON -- Western Europe began cleaning up Monday and counting the cost of weekend storms that claimed several lives and caused severe damage during the highest winds in a decade. Hurricane-speed gusts that battered

Britain claimed a second life Monday when an elderly woman died in the Welsh capital. Cardiff, after being struck on the head by a large umbrella blown from a flower stall. On Sunday, a man in his 60s was

killed when a tree fell on his car in the rural county of Staffordshire. Insurers were braced for an avalanche of claims and the final bill is likely to run

into tens of millions of pounds, ac-

cording to industry experts. Ten years continuing strong winds, but the island ago the cost to the industry was £1.6 of Sein was still cut off. hillion (\$2.6 hillion).

Engineers battled to restore power to homes. In South Wales, one of the worst hit areas, the power company recon-nected over 50,000 homes but 3,000 more were still without power.

lrish ferry services returned to normal, bringing home thousands of vacationers stranded by the fierce gales, snow and rain over New Year. Storms were expected to continue in Ireland.

Storms abated in western France on Monday, allowing ships to evacuate hundreds of tourists stranded on islands off Brittany. Shipping resumed to the islands of Ouessant and Groix despite

Germany was calm Monday, but a 16year-old youth died oear Stuttgart dur-ing the weekend after his moped crashed into a tree blown across a road.

In northern Spain, winds died down and avalanche warnings in the Pyrenees were downgraded to "weak," officials

In Switzerland, high winds blew a 60meter-wide crane weighing 200 metric tons off its tracks at the Rhine river port

in Basel. Romania escaped the winds, but its

TRAVEL UPDATE

Pollution caused by forest fires to Indonesia were a booo

to Sri Lanka's tourist industry, officials said Monday in Colombo. More than 327,000 tourists visited the Indian

Ocean island in the first 11 months of 1997, an increase of

12.8 percent over the same period in 1996. Figures for

December were not available.

Black Sea ports reopened Monday after being closed for two days because of

Forecast for Wednesday through Friday, as provided by AcculWeather Today High Low W High Tomorrow W 14gh Lee W Long Line for Diana Tomb Tickets LONDON (AFP) — A 24-hour telephone hotline to take reservation for visits to the grave of Diana, Princess of Wales, was jammed within an hour of opening Monday, organizers More than 200 telephone operators were working to cope with the huge demand for ockets to her family home, Althorp 3475 1658 sh 2271 1865 s 1961 1050 pc 1961 1285 r 2595 848 s 2271 1253 s 744 450 pc 1162 541 r 1982 458 pc 1863 841 pc 2470 2373 2475 848 s 1861 643 pc 1861 643 s Park in central England, where she is buried on an island in an ornamental lake. Tickets cost £9.50 (\$15).

NOTE Americal Europe

Cold all will be sinking The recent patism of south from Ceneds into the stormy weather will continuor them Plains and northue lor like British Isles. The lord by the British Isles. The Hockies Wedneedsy Ris and high winds will brough Friday. It will continue to be mild along the cause tight doleys for London. Gisspow and Dobin. Testem Seaboard with Vary mild weather will be locally heavy rain. Delays this rule across northern will occur Thursday for France and the Low Countinuous Washington, O.C.

Thursday.

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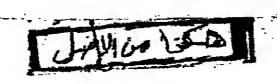
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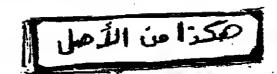
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Will Test 2 System FAt Trial, 'Unabomber' Suspect Seeks to Speak charges. He could face the dea alty. The trial began Nov. 12 w

pended shortly after it opened here Monday as the alleged "Unabomber" said he wanted to make a statement. Judge Garland Burrell suspended the

-proceedings, summoning prosecutors and defense attorneys into his chambers to determine how to respond to Mr. «Kaczynski's request to address the

Eprotest his brother's presence in the courtroom and to make other demands. - triwas David Kaczynski who first tipped the FBI to the possibility that his brother might be the Unabomber, the anti-tech--nology crusader who for years eluded one of the country's largest and costliest manhunts. As Mr. Kaczynski entered the

comtroom, he refused to acknowledge the presence in the front spectator row of his brother and their mother, Wanda. Tears streamed down their faces and they held their hands tightly as Mr. kaczynski turned his back to them and sar down only a few feet away.
While David Kaczynski's tip led the

FBI to Theodore Kaczynski, David has since condemned the government for its decision to seek the death penalty. The suspect's family insists that he is men-

An Associated Press source, who spoke on condition of anonymity, said
the sured of Mr. Kaczynski also told Judge Burrell that he wanted to read a statement before the trial began. The source described the statement as "philosoph-

"Ical" in oature. The source said Mr. Kaczynski had



Theodore Kaczynski, center, led from court after he was charged in April.

several other issues related to his lawyers that he wanted to discuss with the

judge.

Mr. Kaczynski has feuded with his court-appointed lawyers, Quin Denvir and Judy Clarke, over their plan to argue that he suffers from paranoid schizophrenia. The defense no longer plans to make a mental defect claim during the guilt phase of the trial, but may raise the issue if the case moves into the penalty

phase.
The 55-year-old Harvard-educated

alty.

The trial began Nov. 12 with jury

charges. He could face the death pen-

"Unabomber" derives from an ac-ronym used by federal investigators to identify their suspect, whose early targets were university professors and airline executives. (AFP, AP, NYT)

Story of Brother vs. Brother William Glaberson of The New York

Times reported from Sacramento: The story of brother turning in brother is a tale of literary dimensions that has become the central narrative of the case. Across the country it is not the pros-

ecutioo's hoard of evidence but the story of a brother fighting to save the life of the brother he turned in that people mention first when they speak about the trial. Some experts on the lure of great literature said David Kaczynski's dilemma was gripping because it involved the classic elements of important sto-

ries: questions of family loyalty, betrayal and social duty. It was high drama: the brother having to come to this decision," said William Kennedy, the oovelist and winner of a Pulitzer Prize. "It is a kind of benevolent Cain and Abel story."

Mr. Kennedy said people seemed torn at first between praising and coodemning David Kaczynski's actions, for the same reasons that informers have historically been condemned, and oc-

16 attacks — which also injured 23 people between 1979 and 1995 — apcasionally forgiven, in literature.

David Kaczynski's lawyer, Anthony pareotly motivated by a hatred of mod-Bisceglie, said Friday that the defendant had refused to see his younger brother oot only since his arrest in 1996, but for Mr. Kaczynski, who lived in a spartan Montana cabin without running water or electricity, has pleaded oot guilty to the a decade before that,

POLITICAL NOTES

Speaker Gingrich Has a New Little List

SMYRNA, Georgia — In a speech that could be seen as a scene-setter for constituent service was not enough. the approaching congressional elections, Newt Gingrich, speaker of the House, on Monday assailed bilingual education and called for a national debate on drugs, education, tax cuts

and retirement benefits. The Georgia Republican urged that all school children learn English by the fourth grade, but said it should be up to local schools to achieve that goal.

"When we allow children to stay trapped in bilingual programs where they do not learn English, we are destroying their economic future," be said. Though Mr. Gingrich made no specific proposals, his comments could shape the upcoming election-year session of Congress and beyond. He said his four goals were to create a drug-free America for children, to improve education, to protect Ameri-

cans' retirement and to reform taxes.

"If we would focus on these four areas, we could dramatically change the country," he said.

(AP)

Ferraro Sets Sights On D'Amato's Seat

NEW YORK — After 13 years out of office, Geraldine Ferraro announced Monday that she would try to unseat Alfonse D'Amato as senator

The 1984 Democratic vice presidential nominee resigned as co-host of the CNN program "Crossfire" to seek the Democratic nomination to run against Mr. D'Amato, saying the Republican's reputation for attentive

"I believe this high office requires more than being Senator Pothole,' she said, using a nickname for Mr. D'Amato. "It demands a genuine. continuing commitment to repair the holes io our social fabric and to chart a road into the future that offers all New Yorkers and all Americans an op-

portunity to earn a better life." Ms. Ferraro, who served as a congresswoman from Queens for threeterms, has been out of office since 1984, when she became the first woman ever nominated by a major party to run as vice president — as Walter

Mondale's running mate. In 1992, Ms. Ferraro finished a close second in a four-way Democratic primary for the right to challenge Mr. D'Amato, who will be seeking his fourth term.

Quote/Unquote

Mr. Gingrich, proposing that every student spend one day a year reading the Declaration of Independence, the U.S. Constitution and the Federalist Papers, including passages dealing with God: "It will do all of us good if every child begins to learn that they're endowed by the creator and, by the way, so is the persoo next to them. So if you're a rapist, the person you're raping is endowed by God." (AP)

New Mission to the Moon U.S. Craft to Prospect for Natural Resources

By Kathy Sawyer
'Washington Post Service

WASHINGTON - The last time the United States decided to explore the moon on site, the costs, the hardware, the stakes and the expectations were huge. This time, relatively speaking, it's all small stuff.

NASA's tiny Lunar Prospector spacecraft was poised Monday night to begin the first mission in 25 years that is dedicated solely to studying the earth's nonly natural satellite. At a total cost of the launch, Prospector is one of the cheapest and simplest missions of its kind ever attempted — just the way the National Aeronautics and Space Administration likes them these days.

The 4.5-foot (1.4-meter) diameter craft tookproinething like an oil stroni. antenna shaped like a snow cone and a coar of solar panels in small facets of sapphire blue. It has oo onboard computer, but it will be commanded from parth. It has the simplest possible , propulsion system, with no pumps. At one point, U.S. scientists say, the Russians offered the lunar team a free internal makeup remain unanswered. launch abourd one of their workhorse Proton rockets, but they were shocked to learn the 660-pound (300-kilogram) Prospector would hardly amount to ballast for the big booster.

Despite its shoestring approach, however, the modest craft is part of a grand design: leading humankind back to the moon — this time on a long-term basis, Prospector scientists Say. Although the spacecraft will re-main in orbit, rather than landing oo the surface, one of its major goals is to as water-ice and "life support" gases once.

from the interior that could be used by future human colonists on the surface, An experimental Defense Department probe called Clementine made headlines in 1994 when it detected evidence that there might be water ice at the southern lunar pole.

"We're interested in locating resources," said Alan Binder, the planetary astronomer and geoscientist at the Lunar Research Institute in Gilroy, California, who leads the team of six Prospector scientists. "If, as I do believe, we'll have man back on the \$63 million, \$26 million of which is for moon in the not-too-distant future, and huild a base, we'll have to learn to live off the land."

A dozen men walked on the moon's surface between July 20, 1969, when Neil Armstrong became the first human to set foot there; and 1972, when the last Apollo associants departed Dethere and done that," the scientists said, the moon remains to a surprising degree an unsolved mystery. Only about a quarter of the lunar surface has been mapped in any detail, most of it around the equator, and important questions about the moon's history and

"We've only just scratched the surface of the moon," said Michael Drake, director of the Lunar and Planetary Laboratory at the University of Arizona in Tucson. He is not a member of the Prospector team.

Almost half the craft's 660-pound launch weight is fuel. As it arrives in lunar orbit about four days after launch, the craft's engines are to fire in a series of planned maneuvers to position it for mapping, 62 miles (100 kilometers) above the mooo's poles, "prospect" for natural resources such taking 118 minutes to go around

Death Penalty For Nichols Is Sought in

former math professor is accused of

mailing bombs that killed two Cali-

fornia men and faces separate murder

charges in New Jersey for the murder of

an advertising executive.

In all, the Unabomber is blamed for

ern technology.

City bombing because he knew the 4,000-pound fertilizer-and-fuel device

"Everyone else said 'no' to Timothy McVeigh. Terry Nichols said 'yes,' 'the prosecutor, Beth Wilkinson, said in her closing arguments to the jury.

"It is because of Terry Nichols's choices that 168 people were killed." Ms. Wilkinson said that although Mr. Nichols was not in Oklahoma City oo April 19, 1995, the day the explosioo occurred, he is as culpable as Mr. Mc-Veigh because he intended to use the bomb and participated in the conspir-

acy.
"He didn't care whether those 168 people lived or died," Ms.

The prosecutor asked the jurors to set aside emotions and base their seoten-

cing decision on the facts of the case.

Mr. Nichols, who was home with his family in Herington, Kansas, wheo the bomb weot off, was convicted Dec. 23 of conspiracy and involontary manslaughter but acquitted of first-degree

arguments later in the day, followed by

jury deliberations.

For his conspiracy conviction, the jury will decide if Mr. Nichols should be

To impose a death sentence, the jury first will have to determine that Mr. Nichols intentionally participated in the plot or that his participation constituted a reckless disregard for human life. Last week, victims, family members

and rescue workers told of emotional scars, of broken families, of struggles to cope with everyday life after the bombing of the Alfred P. Murrah Federal

Building.
Yet, legal analysts said the jury that convicted Mr. Nichols of a lesser role in the worst act of terrorism on U.S. soil will be hesitant to sentence him to

tended both trials.

Bombing Plot

The Associated Press

DENVER - Terry Nichols should be sentenced to death for the Oklahoma detonated outside the federal building would kill people, a prosecutor said

Timothy McVeigh was convicted June 2 of conspiracy and first-degree murder in the bombing. He has appealed both his conviction and death sen-

"There are 168 consequences to his cboices, 168 dead people in Oklahoma City within seconds of 9:02 A.M.," she

Wilkinson said.

murder and use of a truck bomb.

The defense was set to give its final

sentenced to death, life in prison or a lesser term to be decided by U.S. Dis-trict Judge Richard Matsch.

The judge will sentence Mr. Nichols on the eight involuotary manslaughter

The defense has emphasized that Mr. Nichols's role is "so small that it doesn't warrant a death sentence," said Andrew Cohen, an analyst who has at-

Ethiopian Convict in Arizona Dies After a Hunger Strike

New York Times Service

PHOENIX, Arizona — An Ethiopian coovicted of murder in Arizona has died after a hunger strike that he called to protest his prison diet, state officials

The inmate, Teshome Abate, 38, died

Saturday at St. Mary's Hospital in Tucson, said Mike Arra, a spokesman for the State Department of Corrections. "It was somewhat unexpected be-cause on Thursday he had been alert,"

Mr. Arm said. Mr. Abate was the first inmate in the state to starve himself to death, Mr. Arra said. Mr. Abate staged several hunger strikes last year to protest the prison system's refusal to feed him what he called an Ethiopian Orthodox diet.

He was hospitalized Sept. 3 under a court order and had a greed to take small amounts of food and liquids. But in the last month, prison officials pounds (34 kilograms) from 149. Medical staff at the hospital had stopped trying to feed him, said a corrections spokeswoman, Camilla Strongin. Ms. Strongin said Mr. Abate could not be force-fed because a court had

decreed that he was mentally competent

and capable of deciding whether to ac-

ing tubes, and his weight had fallen to 75

cept medical care. Mr. Abare, who was an illegal alien, had been serving a 20-year sentence for second-degree murder at the state prison in Florence, about 50 miles (80 kilometers) south of Phoenix, before being hospitalized.

Ms. Strongin said that inmates could choose a regular, kosher or vegetarian diet, but that Mr. Abate said none had met his requirements.

"He was always changing what he wanted to eat," Ms. Strongin said. "No diet we could come up with would satsaid, Mr. Abete had ripped out his feed-

Away From Politics A police officer was missing and believed dead after he fell A police officer was missing and believed dead attained to 90 feet (27 meters) off a bridge into the Ohio River near Covington, Kentucky, while trying to help catch a suspect who fled after being stopped for a traffic violation. (AP)

A chartered bus ran off a highway and rolled over, killing one passenger and injuring at least 22 other people. Investigators did not immediately know what caused the crash, which contact the contact of the contact o which took place southeast of Santa Fe, New Mexico. (AP)

• A fire at a fertilizer plant filled with herbicides and pesti-dides forced about 2,500 people on both sides of the Ohio River loar Maurelle Kannadar to assessing their houses. (AP) near Maysville, Kentucky, to evacuate their homes.

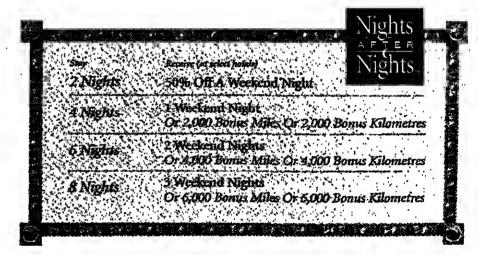
A package wrapped as a Christmas present and left on a front posch exploded in Vallejo, California, injuring four posche Redeath people. Federal agents were investigating.

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King, Leaving Cambodia in Haste, Revises **Amnesty Offer**

PHNOM PENH — King Norodom Sihanouk abruptly left Cambodia on Monday after backing away from an offer of unconditional amnesty for a son who was deposed in a coup last July.

In a break with royal tradition, King Sihanouk left the country unannounced, with his wife, Queen Monineath, on a commercial flight to Beijing via Singapore. He did not notify the coup leader, Hun Sen, of his plans.
The king, who has been facing crit-

icism from some supporters of Mr. Hun Sen in recent days, did not speak to reporters before boarding his flight.

Only a small group of government officials and diplomats who had learned of the departure through unofficial channels were at the airport for the hasty, low-key send-off. Mr. Hun Sen, who deposed his co-

alition partner, the king's son, Prince Norodom Ranariddh, oo July 6, was not at the airport for the king's departure. His advisers would not say why. Prince Ranariddh fled the country on the eve of the coup against him. In his

absence, a military court charged him with smuggling weapons and colluding with Khmer Rouge guerrillas, and Mr. Hun Sen has said he must stand trial upon his return

Just hours before his departure, King Sihanouk announced that Prince Ranariddh would have to seek amnesty on his own if convicted, a move the prince has said would be akin to admitting guilt.

"If there is no written request from Prince Norodom Ranariddh after our national court sentences him, then I will not think of granting amnesty to him," the king said in the statement issued by the palace. King Sihanouk had said earlier that he would pardon Prince Rapariddh without any request to do so, paving the way for his son's return to Cambodia for the first time since his onster.

Prince Ranariddh has rejected the charges against him as politically motivated and refused to face a justice system he says is hiased against him.

Under pressure from the international community, which maintains that Prince Ranariddh must be allowed to take part in general elections on July 26, Mr. Hun Sen said the prince could run for office if he were first pardoned by the king.

But a top aide to Prince Ranariddh said Monday that the prince remained firm and would not ask for a pardon.

■ Pol Pot 'Not in Thailand'

Pol Pot, the former leader of the Khmer Rouge, is not in Thailand, the prime minister of Thailand said Monday, The Associated Press reported. We are certain he has not been in

Thailand," Prime Minister Chuan Leekpai said in an interview. Mr. Chuan said he consulted with military and administrative personnel a Phnom Penh, the capital, this month, few days ago after hearing rumors that and are expected to voice concern about Mr. Pol Pot had fled Cambodia, but they had oo information on his location. That means he could not have entered Thai-

land, Mr. Chuan said.

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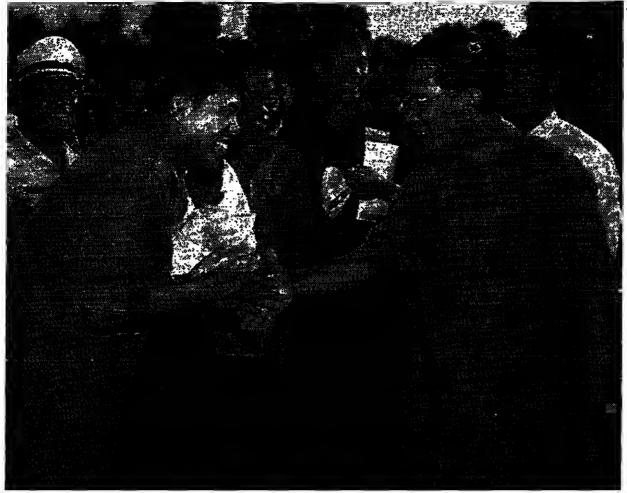
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The Cambodian leader, Hun Sen, right, greeting town officials on his visit to Svay Rieng Province.

Hun Sen's Struggle for Legitimacy

Control Eludes Cambodian Coup Leader Before the Election

By Seth Mydans New York Times Service

BANGKOK - Six mooths after leading a coup in which he ousted his coalition partner, Cambodia's leader, Hun Sen, is still struggling to consolidate political and military control in a country that is less stable than ever.

He has also failed to win international legitimacy as criticism continues from abroad about his government's human rights abuses and repression.

With an election expected later this year, these are some of the ways the political, military and international pressures on Mr. Hun Sen have intensified:

 Opposition politicians who fled the country after the July 6 coup have begun to return and reorganize. Prince Noro-dom Ranariddh, the coalition partner who was driven from power by Mr. Hun Sen, says he plans to return this month despite Mr. Hun Sen's threat to put him

• Fighting has flared again near a remote controlled by soldiers who support the opposition. Despite the rebels' small numbers, Mr. Hun Sen's troops have made little headway against them.

• Two human rights officials from the United Nations are due to visit cootinuing abuses that could threaten the legitimacy of the election. Support from the United Nations is critical to international acceptance of the results.

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ble guarantees to secure funding for viable projects:

The election, which had been sched-uled for May, has already been postponed until the summer or fall because of political instability that has made it impossible

to organize the voting process oo time.

It was unclear who might benefit the most from the delay. The election is crucial to the re-establishment of democracy and political legitimacy in a country where both have deteriorated since a United Nations-sponsored election in 1993 that followed a decade of civil war. It was that election that put in place the fatally flawed coalition led by Mr. Hun Sen and Prince Ranariddh, former enemies in that war.

The election this year, whenever it is held, is also seen as a potential flash point. It was pre-election maneuvering by both sides last year — including arms buildups and troop movements — that led to Mr. Hun Sen's coup.

Though he has been unable to con-solidate control, Mr. Hun Sen has placed himself in a commanding position, purging rival politicians through political essure, intimidation and violence.

The shattering of the coalition goverument also opened the way for maneuvering among various factions, including opposition politicians who are returning to the country. A prominent dissident, Sam Rainsy, led anti-government protests after his return last fall.

"The losers are fighting back and the winners are fighting for legitimacy.' said Lao Moog Hay, who heads the Khmer Institute for Democracy. "Since July, Hun Sen has suffered a number of

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serious setbacks. International pressure has made him more vulnerable." Opposition to Mr. Hun Sen's coup has

remained strong abroad. The United Na-tions has refused to let his government represent Cambodia, and the Association of Southeast Nations deferred its plan to

admit Cambodia as a member last year. The World Bank and the International Monetary Fund have withheld funds. A number of foreign countries, including the United States, have reduced aid, and the economy has come under severe pressure with the withdrawal of foreign investment and the near-disappearance of tourism.

Although these pressures have taken a toll, Mr. Hun Sen has remained unbending, and many political analysts remain doubtful that he will allow the election to be genuinely fair, with free access to the media and an absence of intimidation.

Police Battle Angry Crowds In Indonesia

The Associated Press

JAKARTA - More than 1,000 people rampaged through the center of the city of Bandung on Monday after the government tried to close down illegal street vendors, the police announced.

Witnesses said rocks smashed windows of a supermarket and other stores, many of them owned by members of Indonesia's ethnic Chinese minority. Small business owners of Chinese des-cent are often targeted when social unrest flares here.

The violence involved not only the vendors but also some passers-by, who smashed windows of a supermarket and other stores. An officer at the Bandung police de-

partment, who spoke on condition of anonymity, said a number of people were being questioned. He also said there had been oo serious mjuries. SCTV television reported that 400

riot police and army soldiers had been deployed to quell the disturbances. The official Antara news agency said the police had closed one major shop-ping street, causing traffic chaos in the

kilometers (75 miles) southeast of Jakarta, the capital.

Witnesses said the police moved in after arguments among street vendors and local government officials turned

city of more than 2 million people. Bandung is in West Java Province, 120

The official contended the vendors were operating illegally; the vendors asserted they had a right to set np

On Sunday, more than 100 people fought security forces in a town in the province of East Java, the newspaper

Suara Pembanuan reported Two police officers were stabbed in the stomach when they tried to control the crowd, which dispersed when other

officers fired warning shots in the air. The newspaper said the fighting start-ed after a crowd of villagers gathered to burn down small houses they apparently believed were brothels or liquor out-

Attacks on targets considered to be immoral occur sometimes in Indonesia during Ramadan, the Muslim holy fasting month. Ramadan began Wednesday in Indonesia.

About 90 percent of the country's 202 million people are Muslims, making it the world's most populous Islamic na-

Chicken Farmers Get New Offer

But Hong Kong Is Pressed for Even Higher Compensation The Associated Press HONG KONG -- The government

raised its compensation offer Monday for chickens slaughtered in the attack on avian flu, but farmers, vendors and legislators said it was still not enough.

The political furor over the government's handling of the flu outbreak showed no signs of subsiding, even though the number of confirmed human cases seemed to have stabilized at 16. Four of those infected with the virus have died.

The government slaughtered nearly all of Hong Kong's 1.3 million chickens last week because it suspected they were the source of the type-A influenza virus known as H5NI that infected humans for the first time last year.

About 150 poultry retailers, led by the

oppositioo Democratie Party, protested outside the legislature building as a panel met inside to discuss the compensation package. The Democrats said they would take

part in a sit-in outside government of-fices until Wednesday to press for better no cases of flu. China has repeatedly fices until Wednesday to press for better compensation.
Wong Kam-kan, chairman of the

Hong Kong and Kowloon Poultry Dealers and Workers Association, said that the poultry industry had already lost millions of dollars and that the livelihood of tens of thousands of people has been Losses will mount as a halt to imports

of live chickens from China, imposed two weeks ago, was expected to be

extended through January. Leo Kwan, deputy secretary for economic services, said the government was proposing to pay farmers 36 Hong Kong dollars (\$4.62) for each adult chicken killed, up from the previous offer of 30 Hong Kong dollars. It would pay smaller amounts to wholesalers and retailers.

From the outset of the flu ontbreak, the government has been criticized. Officials have been accused of mis-

leading the public by saying it was safe to buy live chickens, then abruptly ordering the slaughter. Killing and disposing of the chickens took five days, rather than the promised 24 hours, and officials acknowledged later that the virus might still be present in ducks and geese.

China said Monday that new tests of chickens in southern Guangdong denied that the virus originated in Guangdong, despite unconfirmed me-

dia reports of poultry dying there.

Meanwhile, the Hoog Kong government tried to reassure Asian neighbors that travel to the territory was safe.

BRIEFLY

Tokyo Opposition Forms New Alliance

TOKYO — Opposition politicians took their first decisive step toward regrouping Monday when nearly 100 of them banded together to form a new anti-government al-

The alliance, formed one week before Parliament resumes next Monday for a debate on solving Japan's economic woes, includes two former prime ministers.

It has yet to announce a name and complete other formalities in become the chief opposition to Prime Minister Ryutaro Hashimoto's govi erning Liberal Democratic Party...

The alliance of about 100 legislators was formed at a meeting Monday of leaders of six parties The largest of the parties, Naoto Kan's Democratic Party, holds 69 seats in the 500-seat lower houses

Hong Kong Protest Over Chinese Visit:

HONG KONG - Several dozen activists demonstrated Monday as former President Yang Shangkun of China met with local leaders on his first visit since Hong Kong re-

his first visit since flong Kong returned to Chinese rule.

The police dragged some presentesters away from the front entrance of the former Government House, where Mr. Yang was believed to he lunching with Hong Kong's chief executive, Tung Chee-hwa.

Small-scale but noisy protests have become the corm here during visits by senior Chinese leaders, especially those involved in the 1989 military suppression of the

1989 military suppression of the opposition movement.

Search Is Halted Of Silk Air Crash Site

JAKARTA — Indonesian teams halted their search Monday for wreckage from the crash of a Singaporean jetliner, a day after recovering a voice data recorder that may contain clues to the cause of the accident. Details of its cootents were oot immediately available. All 104 people aboard were killed when the SilkAir Boeing 737.

crashed Dec. 19 into the Musi River. in Indonesia's South Sumatra Province during a flight from Jakarta to Singapore. (AP, AFP.)

Mrs. Marcos Returns After Surgery in U.S.

MANULA - The widow of former President Ferdinand Marundergoing eye treatment in the United States that she said would prevent ber from going blind.

Imelda Marcos thanked the Philippine Supreme Court for overturning a travel ban and allowing her to, go to Boston for treatment of glaucoma despite a graft ecoviction in-

Mrs. Marcos, now a congress-Mrs. Marcos, now woman, is free on bail pending any woman, is free wordict. (AP).

Taleban Rejects Food Supply Airlift.

KABUL - The Taleban ruling bloc said Monday it would not ab.; low the World Food Program tot airlift emergency supplies to enemy territory in central Afghanistan.

The agency was forced to suspendits airlift of food to central Barryan. Province last week after Taleban jets: bombed the area, including a rung-way where a United Nations cargo plane was stationed.

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BRIEFLY

Employment Drive

Started by Labour

LONDON — The Labour gov-ernment, battered before Christmas

by a dispute with party dissidents

over social security cuts, began a drive Monday to tackle unemployment, the other prong of its welfare-

to-work policy
The chancellor of the Exchequer,

Gordon Brown, said that the pro-

gram for thousands of jobless young

people marked "a new beginning in

Under the plan, all those, 18 to 24, out of work for more than six

months will be offered a job sub-sidized by government money — six months' work with an environ-

mental task force or in the voluntary

Those who refuse will lose wel-

Older people out of work for

sector - or full-time training.

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Britain Is Urged to Rein In Autonomous Maze Prisoners | Description | Property | Proper

government authority at the province's top-security prison, where paramilitary groups exercise largely uncontested internal control.

Protestant poliocians have demanded a public inquiry into how a leader of a Protestanl paramilitary force, Billy Wright, 37, was shot and killed to death Dec. 27 inside the Maze prison by inmates who were members of a Catholic paramilitary group.

The killing led to two vengeance attacks on Roman Catholic gatherings by gunmen from Mr. Wright's groop that left two men dead and eight others wounded and cast a darkening shadow over the peace talks under way in Belfast.

4. The British government turned aside the demand for a public inquiry but set up two official invesogations, one of the killing and the other of the overall situation in the prison, which is near Belfast. The government has said it will publish the results. But even those taking part in the investigations have warned that it will be difficult to change the conduct of an insomeon that is peculiar to the

security in Northern Ireland. "That is the world in which politicians must live."

Nowhere is there such a concentration of dedicated paramilitaries and terrorists," he added, 'aus. 'hat does make for a unique situation.'

More than 600 members of Cathobc and Protestant paramilitary groups inhabit the imposing fortress-like building in the suburban village of Maze, segregated by group into eight H-shaped blocks within 16-foot (5-meter) high walls bristing with guard towers, cameras and searchlights. Armed British soldiers patrol the flood-lit perimeter.

Inside their wings, the prisoners are never locked into their cells, and guards cannot search their living spaces without gaining the approval of inmate leaders and telling them a day ahead of time

where they intend to look.

In an Irish Republican Army escape attempt uncovered in March, inmates had managed to keep undetected, in their wings, 13 tons of earth they had dug up to make a tunnel.

when the IRA sought to obtain political-prisoner status for jailed militants. The campaign began with refusals to wear prison uniforms or to do assigned labor and ended starkly with the bunger strike of 1981, when Bobby Sands and nine other republican inmates starved themselves to death.

Since then, British governments have treated the imprisoned paramilitaries as political prisoners in everything but name.

The inmates have shown their growing power in ways ranging from the menacing to the cooper-ative. Over the last two decades, 22 prison guards and a deputy governor of the Maze have been killed outside the prison by IRA gunmen who were given the victims' identities by inmates. More recently, Protestant paramilitaries, acting on information from inside, have firebombed the bomes of other

Prisoners in the Maze have extensive influence with their paramilitary colleagues on the outside and with the political parties that represent them.

They have been supporters of the peace process, but in a vote of the Protestant prisoners disclosed toubled province, where sectarian violence bas claimed more than 3,200 lives since 1969. More than 20,000 people — including virtually all the toubled province, where sectarian violence bas their own leaders, called but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that, in April, Protestant militants to but in a vote of the Protestant prisoners disclosed that it is a vote of the Prote

While the vote was not seen as scuttling the talks.

scheduled to resume next Tuesday. Jan. 12, it was cause for concern, said John Taylor, deputy leader of the Ulster Unionists, the largest Protestant polit-

"I think it's important we meet with the para-militaries at the earliest opportunity," he said. More than 500 inmates have gained early release

and are now involved in community projects. Many received university degrees while in prison and are now considered strong advocates of nonviolence. In the aftermath of the escape of Liam Averill, an IRA killer, on Dec. 10 during a Christmas party for inmates' children and the killing of Mr. Wright, David Trimble, bead of the Ulster Unionists, ac-

cused the British government of "appeasing ter-rorists" with its stewardship of the Maze and demanded an independent public investigation. Finlay Spratt, spokesman for the Northern Ire-land Prison Officers Association, said concessions

to prisoners had turned the Maze into an "academy

Mr. Ingram, the security minister, said a policy of random searches of the wings would begin sbortly. The last time the prison authorities tried that, in April, Protestant militants took over their Hblocks, climbed onto the roofs from their exercise

more than a year will be offered a similar deal. Under previous plans, only those jobless for two years would have qualified. (Reuters)

Car Torchings Hit New City in France

LYON - Youths set ablaze about 20 cars overnight in the central French city of St. Eticnne, the police said Monday.

The wave of car burnings has prompted a growing dispute over the handling of youth violence, much of it concentrated in areas with large immigrant minority populations and high unemployment.

The police in St. Etienne said that they had been unable to find any witnesses to the fires and that there had been nn arrests.

"It just happened, for no apparent reason," a police official said. There have never been any incidents like this in the past."

A spree of earlier car burnings in Strasbourg has triggered an angry debate among law enforcement authorides and government officials about how to respond to growing urban lawlessness About 85 vehicles have been set aftre in the eastern city since Dec. 31.

Nearly 70 cars were torched on New Year's Eve in some Paris suburbs where relations are especially poor between the police and youths of North African origin. (Reuters)

Papon Trial Ends A 2-Week Recess

BORDEAUX - The trial of wartime crimes against bumanity. resumed here Monday after a twoweek adjournment because of his ill bealth.

The presiding judge, Jean-Louis Castagnede, suspended the trial on Dec. 23 after a cardiologist recommended that the 87-year-old defendanl be allowed to rest from an attack of pneumonia that caused a previous trial adjournment.

Mr. Papon is accused of responsibility in the deportation of around 1,500 Jews to Nazi death camps when he was secretary-general of the Bordeaux prefecture in charge of "Jewish affairs" between 1942 and 1944.

The trial was originally expected to end before Christmas, but is now expected to continue into March or

Yeltsin Trip Rumor

MOSCOW — Quoting diplomatic sources, the Interfax news agency said Monday that President Boris Yeltsin's visit to India, scheduled for mid-January, had been put off to the second half of the year.

The presidential press service could not confirm the report. A spokeswoman said that the 66-yearold president, who spent nearly two weeks in a sanatorium with a viral infection last month, was resting in northwestern Russia.

A spokesman for the Foreign Ministry said he bad no information on any change of plans. A senior diplomat at the Indian Embassy in Moscow said: "As far as we are concerned, the visit is still going ahead as planned."

Ex-U.S. Aide Narrowly Wins Presidency Of Lithuania

. VILNIUS, Lithuania - Less than a year after returning to Lithuania from the United States, Valdas Adamkus narrowly won the Baltic country's pres-ldency, according to final election results Monday,

Mr. Adamkus, 72, a retired administrator for the U.S. Environmental Proistrator for the U.S. Environmental Protection Agency, edged out Arturas Paulauskas, 44, a former prosecutor-general, in Sunday's runoff balloting,

Mr. Adamkus got 49.9 percent of the vote and Mr. Paulauskas 49.3 percent. with the remainder of the ballots spoiled or unmarked, according to the central election commission.

Mr. Paulauskas, wbo is well-regarded

for his efforts against the organized crime that has sprung up since independence, was the top vote-getter in the first round on Dec. 21, but his 45 percent fell sbort of the 50 percent needed for

That forced a runoff against Mr. Adamkus, the second-place-finisher Europe. with 28 percent of the first-round votes. xeaker and inii threw his support behind him. Mr. Landsbergis wields considerable influence as the leader of Lithuania's movement for independence from the Soviet

> 5-Both Mr. Paulauskas and Mr. Adamkus are political newcomers and share many views, including support for economic reform and pushing for Lithuania to become a member of NATO and the European Union.

The president's post is largely cer-emonial, but the holder appoints the prime minister and can send legislation back to Parliament for amendments. The president also serves as the country's voice abroad.

"I want to underline that the international policy which was started by the Lithuanian government will be cononued," Mr. Adamkus said at a press con-

"We will look for ways to join the European Union and NATO and to be active in the international community, he added.

EU and NATO entry have been Lithuania's key goals since it quit the former Soviet Union in 1991, although attempts to be among the first wave of new entrants to both organizations were unsuccessful

o"l realize it will probably take some time until we qualify but it is not a ragedy." Mr. Adamkus said. Mr. Adamkus also said that despite

his Western-oriented background, he would not ignore relations with Russia. Russia, which is on its way to democracy, is of especial importance to Lithuania and we will do everything so that this is reflected in our relations," he

The general lack of significant political disagreement left voters deciding largely on the basis of personality, age

Mr. Adamkus was granted Lithuanian cilizenship in 1992, but spent most of his time in the United States unol early

"He waged a long legal battle to get his candidacy approved and permission was granted only in October. Many voters are skeptical of him because of his strong accent and it was felt that his campaign (AP, Reuters)

France Fines U.K. Bus Driver

Agence France-Presse GRENOBLE, France — A French as a few years ago to communicate with some member countries in the Monday to pay a fine of 12,000 francs developing world. Only after a de-(\$2,000) after a crash in July in which three British high school students died. Jim Shaw, 43, was sentenced after appearing before a court in Albertville, global crime. France, last month.

The students - Nicola Moore, 16, Robert Boardman and Keith Riddings, both 14 - from Saint James High School in Bolton, England, near Manchester. died when the bus Mr. Shaw was driving crashed into a ravine in the Alps near

Nineteen other students were injured.



Valdas Adamkus after his victory.

Adventure Ends For U.S. Balloonist

The Associated Press

ST. LOUIS - An American adventurer's attempt to pilot a balloon nonstop around the world came to an end in Russia on the edge of the Black Sea early Monday, stymied by low winds, low fuel and equipment problems that left him shivering in his cockpit.

After flying about a third of the way around the globe, Steve Fossett decided to eod the attempt after crossing the Black Sea, his control team said. The ballonnist landed at 2:27 P.M. in the southern town of Rogovskaya, about 75 kilometers (45 miles) north of Krasnodar, said Vitali Andreyev, an official with Russia's civil aviation authority.

Officials in the area said the landing was smooth, and Mr. Fossett should be fine, although be had yet to be examined, Mr. Andreyev said.

Monarch of All She Surveys

Elizabeth Commissions a Poll About the Royal Family

LONDON - Oneen Elizabeth II has asked market researchers to find out what the British public really thinks about the royal family.

Buckingham Palace said Monday that the poll company MORI bad been asked to set up a series of focus groups - small groups of people from around the country — that will be asked about their attitudes toward the monarchy.

The work was commissioned about two months ago, shortly after the death of Diana, Princess of Wales, when the royal family was harshly criocized for appearing remote and unresponsive to the national outpouring of grief.

It is not just a case of another opinion poll," a Buckingham Palace spokesman said. "This is qualitative rather than quanotative research designed to explore the public's views in a wider context."

The queen and the heir to the throne, Prince Charles, have made strenuous efforts to become closer to the people in the last three months and have been praised by the news media for adopting a more relaxed tone in their public en-Prince Charles has soared in pop-

ularity in recent months. An opinion poll last month showed that 61 percent of Britons were satisfied with their future king, compared with 42 percent in August, before the death of his former wife, Diana, in a Paris car crash at the end of that month.

French authorities have said that excessive drink and high speed were what made the driver, Henri Paul, lose control of the car. Diana's companion. Dodi al Fayed, also died in the crash under the Place de l'Alma, on the right bank of the Seine, on Aug. 31.

Bonn Lists Steps to Close Europe's Borders to Kurds

The Associated Press

BONN - Germany on Monday laid manding of Italy, Greece and Turkey to stem an inflow of Kurdish refugees to Spain

But his prospects were strengthened said the measures should include lough an Interior Ministry spokesman.

when Vytahas Landsbergis, the Parer or road traffic controls in Italy, because 12The point is to intensify the use of rurus travel fro and on lo southern Germany.

Turkey and Greece should step up border checks of people heading west toward the Balkans and, along with Italy, should sharply increase policing of ports and ferries for illegal migrants, Mr. Kanther said in a statement.

"In view of this threatening situation, Western Europe must view itself as a security community," he said.

An influx of would-be immigrants, many of them Kurds, bave reached Italy's coast in recent weeks. More ships, reportedly carrying about 1,300 Kurds, were en route. Italy maintains an open door for for-

eigners claiming poliocal persecution. Many of the Kurds are believed headed for Germany with its large Kurdish pop-ulation and liberal asylum policies. Some 14,000 Kurds sought asylum in

Germany last year, up from 1,250 in 1993. More than 4,000 were picked up as illegal immigrants by German police. Austria and France have stepped up border security and Germany has sharply criticized Italy's open-door

Germany has also urged Turkey to settle its 13-year war with Kurdish separatists, seen as the trigger for the exodus from Kurdish areas. Turkey insists the Kurds are not fleeing persecution but seeking a richer life in Western

On Sunday, Mr. Kanther said the ex-odus of Kurds from Turkey was "a problem that must be solved in their homeland." Foreign Minister Klaus Kinkel said

earlier that if burnan rights were respected in Turkey, there would be no efugee flight. The refugee stream is testing a European Union pact to eliminate border

Schengen agreement, which Italy joined in October. Other members are Austria, from Schengen countries Thursday in said. out border-tightening measures it is de- Belgium, France, Germany, Luxem- Rome. bourg, the Netherlands, Portugal and

Still, Germany does not favor sus-Interior Minister Manfred Kanther pending the accord, said Detlef Dauke,

to intercept illegal immigrants, he

Mr. Kanther said he would bring his Istanbul, finding 280 Iraqi Kurds on Western Enrope.

■ Turkey Detains 310 Iraqi Kurds

Turkish authorities have detained 310 Iraqi Kurds preparing to leave Turkey ish and Iraqi Kurds, have arrived in Italy for Italy through illegal means, the Anatolian News Agency reported Monfrom Ankara.

Several Turks, thought to be the or-

ganizers of the clandestine journey, were also being held in custody, it said.

More than 1,200 people, mostly Turkish and Iraqi Kurds, have arrived in Italy

Istanbul police also detained

The police raided small botels and overnight Sunday more than 200 Asian guest bouses on the European side of refugees planning to tilegally enter



controls between EU countries, the Two Turkish Kurds being led by Italian Carabinieri to a refugee camp in San Foca, southern Italy, on Monday,

INTERPOL: Advanced Technology Has Given the Organization New Life

Continued from Page 1

evant to the needs of law enforcement around the world," said Peter Nevitt, a former Briosh police official who directs Interpol's information and lechnology depart-

Interpol was so far behind the curve technologically that it was still using Morse code as recently cade of sometimes painful reform was Interpol turned into a formidable instrument for combating

Some experts say its newfound capabilities may be on the line when Interpol's member nations choose a new chief, perhaps as early as next year. The leading candidates are Michel Richardot, head of the French police academy, and Ronald Noble, U.S. Treasury undersecretary for enforcement during the first Clinton administration.

Raymond Kendall, Interpol bas brought its technological capabilides up to date, streamlined its operations and tightened its security. Now, more than 150 of Interpol's 177 member nations are linked by computer in the world's most ex-

By the end of 1998, Mr. Nevitt said, all Interpol members will be connected to "the world's first qualified, fully equipped international communications network. capable of sending messages throughout the world in 120 seconds."

changes, Interpol now enjoys considerable trust and cooperation from law enforcement agencies in the major countries that once paid lip service to the idea of the organization but in reality kept it at

Political fugioves also find their dress. tensive law enforcement communications network.

As a result of these and other

arm's length. Indeed, with international crime

Under the leadership of a veteran increasing sharply in line with the task of handling "the Gypsy nuispolice official from Scotland Yard, global economy, many experts reacce." After World War II, police gard Interpol as vital in bringing officials meeting in Brussels renot only drug smugglers but also such criminals as fraud artists, money launderers, pedophiles and computer crooks to justice.

> way onto Interpol's radar scope. Last November, as a result of an Interpol request from Bangladesb, agents from the FBI and the Immigration and Naturalization Service found and arrested A. K. M. Mohuiddin Ahamed in Los Angeles in connection with the 1975 assassination of the country's president, Sheikh Mujibur Rahman, and various other officials

> during a military coup. Interpol has also played a key role in locating missing persons, especially children.

The Vienna-based International Criminal Police Commission, Interpol's predecessor, was essenoally a European organization, one of whose bureaus had the ominous program.

named it the Internacional Criminal Police Organization and moved its beadquarters to Paris. They chose 'Interpol" as its telegraphic ad-

For many years, however, although it occasionally provided data that helped law enforcement agencies around the world, Interpol languished under the oght control of the French, who operated it as though it were part of the French government bureaucracy.

Not until 1985, when the United States led a rebellion against French domination, did Interpol elect Mr. Kendall to be its first non-French secretary-general since the

Mr. Kendall moved Interpol's headquarters to an ultramodern. six-story glass structure along the Rhone River in Lyon and initiated a \$25 million bigh-tech development



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Challenge for West in Africa: Help Home-Grown Democracy Take Root

By Howard W. French New York Times Service

ABIDJAN, Ivory Coast - When this country's National Assembly met recently to consider the government's proposed budget for 1998, members of the opposition Republican Rally

Voted unanimously against the bill. The Republicans' seemingly token apposition fell short of blocking the government's spending plans. But it was not in vain. As time passed, the objections helped to force an increasingly public debate over how heads of state should be allowed to use public money.

The bill had granted sweeping powers to the presidency in the use of a large new budget item — called a fund for action and intervention — and

this is what the opposition had most objected to. The country's independent media picked up oo the point right away, incorporating it into their regular calls for greater accountability from the nation's leaders. Sooo the country's president, Henri Konan-Bedie, gave a long interview in the government daily, Fraternite Matin, in which he sounded defensive as he argued for public spending on improvements in his natal village, in-

The experience serves as a lesson in the usefulness and practicality of democracy in developing countries.

Because political institutions in these countries are often fragile and solidarity across ethnic much questioned lately - and nowhere more than in sub-Saharan

Africa, where elections have often been deeply flawed or stolen outright, or have

served as a spark for violence. Despair about democracy is a tempting lessoo to be drawn from televised images of such trav-

ails. Witness a recent article in The Atlantic Monthly in which the journalist Robert Kaplan decries "our often moralistic attempts to impose Western parliamentary systems on other countries," likening this to "the attempts of Western colonialists to replace well-functioning chieftancy and tribal patronage systems with foreign administrative practices.

That similar thinking has made inroads in senior U.S. foreign policy circles was in evidence

chose to visit, led by what she praised as a "new generation" of African leaders, were conspicuously uodemocratic.

Many Africans say they are shocked at the dwindling Western backing for democratic change, which comes just as such ideals have area where animists and Muslims far outnumber lines weak, the value of democracy has been begun to make serious inroads. Ultimately, democracy can only work when it flows from the culture that seeks to apply it, Africans freely acknowl-

> outside support. The changes in the way much business has been conducted in Ivory Coast in the seven years since moltiparty politics began bere can be a reminder to doubters of the potential impact of effective pluralism.

edge. But this, they say, does not preclude vital

Only 10 years ago, another Ivorian president, Felix Houphouet-Boigny, was undertaking public works in his village, too, which he wanted to make the country's capital. The difference is that before restrictions on the press were lifted, before opposition parties were allowed to organize, and especially before they began to win political

The late president's birthplace, Yamoussouk-ro, has become a spectacular example of autocracy. Broad, empty avenues lead to the world's largest church, a monument to Mr. Houphouet-Boigny's unchecked whims in an Roman Catholics. The cost for this structure alone has been estimated at \$150 million.

Mr. Houpbouet-Boigny's system of govern-ment, which in its day some likened to "wellfunctioning chieftancy and tribal patronage sys-tems," left Ivory Coast with one of the world's highest levels of indebtedness and bage unmet needs in such areas as education, housing and simple health care.

The mere holding of elections is, of course, no guarantee that good leaders will come out on top, or that good governance will follow.

Zambia, where Frederick Chiluba, a longtime.

union activist, defeated Kenneth Kaunda, an incumbent of 27 years, in that country's first demo-

cratic election in 1991, serves as an example. Rather than being the liberal renovator that many had expected, Mr. Chiluba has made a

cluding the creation of a new botel, which be said last month on Secretary of State Madeleine Alwere required to help him carry out his official bright's first tour of Africa. The countries she president's decisions.

The countries of the democratic process that helped bright's first tour of Africa. The countries she president's decisions. Kaunda, attacking the press and reportedly turning a blind eye to rampant official corruption.

Then there is Kenya, which made a hash last week of its elections — perhaps deliberately, and ultimately perhaps explosively. It is in countries like this that many Africans believe the West could play its most useful role, by not only insisting on fair elections but by providing the technical help needed to pull them off.

Wherever democracy has been given a change to take root, it bas begun to make profound changes in the lives of the countries involved. The from shrinking at the thought of "in-

posing" democracy on African countries, the West might realize that in the 1990s, nnlike the independence era 40 years ago, when new African countries inherited Western-style constitutions. tutions but little in the way of Western education or expertise, the push for democracy in Africans home-grown and comes from the ground up. Aid many Africans are looking to the West to take the side of democratic principles rather than representations are the present that period of autocrats that Period of Westington has many community. that Paris or Washington has growo cozy with

BRIEFLY

22 Algerians Slain In Latest Attacks

ALGIERS - Suspected Islamic

extremists killed at least 22 Algeri-

an civilians in weekend attacks, ac-

cording to press reports Monday, o less than a week into an already,

bloody Muslim fasting month of

tims were in the central northern

region of Medea, at Saida and Tlem-

cen in the west, at M'Sila in the

south and in Algiers, the capital.

Meanwhile, the El Watan daily as aid 299 people were killed in atotacks targeting three places in the swestern Relizane region on Dec. 30, as western Relizane region on Dec. 30, as well as w

giving a revised toll. The newspaper Le Matin said that in one com-

munity alone, Khererba, only two of

260 residents survived last Tues-

day's slanghter. The official toll

from the massacres oo the first day

of Ramadan was put at 78, but initial press reports bad different figures.

running as high as 412.

Newspapers reported that the vic-

A Laotian Tradition Reborn

U.S. Weaver Revives Art Disrupted by Indochina War

By Seth Mydans

VIENTIANE, Laos - Among the more exotic casualties of the Indochina wars, the long-nosed lion-elephant, the eternal Naga serpent and the magical Mom bird appeared to be on the verge of extinction in Laos.

These mythical creatures, once comman throughout this tiny rural nation, were part of the symbolic vocabulary of traditional Laotian silk weavers, whose work fell victim to the chaos of the wars from the 1950s to the 1970s, and the social disruptions that followed it.

Now an American weaver named Carol Cassidy is working to revive an art that, like that of the dancers of Cambodia and the temple muralists of Thailand, has embodied the natioo's cultural in-

In a refurbished French colonial mansion surrounded incongruously by a white picket fence, she employs 40 weavers, dyers and bobbin winders to produce glowing fabrics adorned with the stars and ships and scrolls of Laotian tradition, as well as the dragons, peacocks and butterflies of Buddhist sym-

But Ms. Cassidy is not a preservationist; her scarves and slipcovers and wall hangings bear her owo contemporary stamp. For her, the ancient symbols are artistic forms rather than bearers of legend.

'I start with traditional patterns and techniques and I modify, interpret, translate, adapt into a product that becomes international," she said.

The elements are traditional but the complete design is my own creation.'

A recent example is a wall hanging woven for

Netanyahu Wins Vote

Continued from Page 1

vantage of choosing the time and the

issue on which to run. That issue was

the Palestinians, for which Mr. Netan-

meeting with Mr. Clinton, both of which

Mr. Netanyahu tried to delay, were now

made to order. "Yesterday, Netanyahu

still tried to convince Ross not to came,

but tomorrow he will receive him with

open arms," Mr. Shalev wrote, "Over-

night, Ross changed from nuisance com-

plicating the negotiations over the

budget to a welcome guest serving the

The Americans would enable Mr.

Netanyahu to demonstrate that he was

still held as a partner by Washington.

even without the moderate Mr. Levy.

while the mevitable resistance from the

ultranationalists, and rejection of his

proposals by the Palestinians, would

prove that he needed a fresh mandate.

The Associated Press reported Moderates in Mr. Netanyahu's gov-

erament have said they will bolt the coalition if there is no pullback, while

hard-liners have threatened to topple the government if any land is handed to the Palestinians.

One of the moderates, Avigdor Ka-

halans, the public security minister, said

Monday that if the hawks blocked a pull-

back by the end of January, "then we will

start counting 60 days to the elections."

ture Minister Rafael Eftan of the Tsomet

Party, also said that it was time to bold

bles Monday, telling Likud mayors who came to see him: "I want to thank you

for standing by my side, especially in

ure, the Labor Party legislator Eli Gold-schmidt, met with the leaders of co-

alition factions to discuss the possibility

Parliament, said on Israel radio. Polls

have indicated that about two-thirds of

Israelis would like to see the vote moved

confident the government would sur-

so the campaign would be fought over

the peace process rather than over the

1998 budget or social issues. The prime

minister is more vulnerable on both

Political commentators said that early

But the chief of the Likud party in

"In my view, we should expect early

Meanwhile, a senior opposition fig-

such moments.

of early elections.

up from 2000.

Mr. Nejanyahu only hinted at his trou-

Another coalition partner, Agricul-

prime minister's interests well."

ISRAEL:

Denise Tomecko, an American masseuse who lives here and wanted an ornament that would complement a treasured deep blue Tibetan carpet.

Ms. Cassidy found Laotian symbols that ecbo the dragons and knots pattern of the carpet and arranged them in a severe symmetry that seems more ibetan than Laotian.

"She made me something that was very Lao but was reconstructed and modified to blend with a Tibetan prayer rug," Ms. Tomecko said.

Ms. Cassidy's enterprise, Lao Textiles, was founded in 1990 — the first American company licensed here after the end of the war in 1975, and still one of relatively few Western-owned businesses in this country of 4.6 million people. Laos was heavily bombed during the war wheo

the United States tried to cut Communist supply lines in Vietnam. As in Vietnam, the Laotlan war ended in victory for the Communists, who continue

in power today.

Ms. Cassidy said her experience with Laotian officials had been excellent as they begin to open officials had been excellent as mey their country to foreign investment.

"They have booored everything they ever said,"

she said. "Everything we agreed to in 1990 has been maintained, which is an incredible feat. I believe in the Lao's integrity and their deep commitment to their principles."

Pitched to a small, high-priced and mostly over-seas market, her business is thriving at a time when the Laotian textile industry has been badly wounded by recently imposed foreign tariffs. Her work sells in American boutiques or is

shipped on special order for cushions or upholstery.
A scarf might cost from \$85 to \$125; a brocade wall hanging sells for \$1,800.



Simone Bankeo, a Laotian weaver, working at her loom at Lao Textiles, founded in 1990 by Carol Cassidy, an American. The company is one of the few in Laos run by Westerners.

THAILAND: IMF Review Is Sought

the IMF.

markets.

size of the program.

"In local terms our prices are high, but they aren't high by international standards," she said. And I pay my workers professional wages. These wages can reach to nearly three times the average national income of \$350 a year. Many of the weavers - like Simone Bankeo, 28, whose husband is a university professor -earn more than

their bushands.

Ms. Cassidy, 41, is a native of Woodbury, Con-necticut, and studied weaving at the University of Michigan and in Finland at the University of Helsinki. She spent seven years in Africa, where she taught village women the art of mohair weaving.

- She arrived in Laos in 1989 and spent a year training weavers for the United Nations Development Program before starting her business.

Tarrin said he would go to Washington to discuss all aspects of the bailout with

Mr. Tarrin also called the two-tie

exchange system introduced to defend

traded between the onshore and offshore

what parts of Thailand's IMF program would be reviewed, analysts said there

were three main areas of concern: the

required fiscal surplus, the minimum

level of foreign reserves and the actual

of the Thai economy at a virtual stand-still, the most unrealistic condition still

companies are posting any profits, so corporate tax collection has plummeted.

Consumption tax collection has also fallen because of rising unemployment

"We have cut spending substantially," Mr. Chuan said, "but shortfalls

in revenue will be as high as 100 billion

allow for some flexibility."

To allay fears of a debt moratorium.

other possible revisions include increas-

ing the fund's size or lining up a "quick

draw" facility in case of urgent need

such as the one the IMF set up for the

Philippines.

and the plunge of the currency.

With many revenue-producing parts

While Mr. Tarrin refused to discuss

Moi Vows a Battle Against Corruption

NAIROBI - President Daniel arap Moi took the presidential oath for a fifth time Monday, pledging to rid his government of costly cor-The 73-year-old leader was

swom in by Chief Justice Zaccheus-Chesoni at central Nairobi s Uhuru Park, where Mr. Moi first took the oath of office shortly after the death of Jomo Kenyarta in 1979.

Speaking English, after taking the oath in Swahili, Mr. Moi said his next government would be 'more sensitive to the needs and aspirations" of all citizens. "It will be devoid of hate, fear and confrontation.

"Our people cannot achieve ecooomic prosperity if we continue to have inefficiency in government or if we allow corruption to divert resources away from their intended purpose," Mr. Moi said. (AP)

Zapatista Backers Besiege Exchange

MEXICO CITY — Protesters supporting Zapatista rebels in southern Chiapas state blocked access to the stock market Monday and containing the stock market Monday. and occupied two radio stations io the capital, witnesses said.

The demonstrators threw red paint at the walls of the modern, domed stock market building oo Paseo de la Reforma and placed coffins in the street to symbolize the slaying of 45 Indians by paramilitaries last month in Chiapas.

Radio reports said the protesters, mostly students, were members or supporters of the Zapatista National Liberation Front, the political wing of the Zapatista National Liberation Army, which fought the government io Chiapas io January 1994.

Dozens of other protesters wear-ing masks and bandannas occupied two city radio stations, Radioactivo and Pulsar, and demanded that they broadcast a taped message from the Zapatistas. The stations share the same building. (Reuters)

long overdue for changes. "Any softening of the IMF's stance say when the currency would be freely certain to be the peace negotiations with vahu could now claim that he required a "I doubt there has been any substantial change in the IMF's thinking, but they new mandate to pursue his promise of "peace with security." For this, wrote Hemi Shaley in Ma'arty, the visit of Mr. Ross and the

Mr. Netanyahu offering Mr. Levy his hand in the Knesset on Monday.

sent some of the world's fastest growing in place, some analysts said, was that the IMF required a government budger sureconomies into recession. Thailand will introduce measures plus of 1 percent for 1998. curbing speculation against the baht by the end of this week, Mr. Tarrin said, but Few of the country's beavily indebted

be would not elaborate on specifics. Later this month, before the next sched-

uled review of Thailand's program, Mr.

Continued from Page 1

dumbfounded by what occurred here."

Some analysis welcomed the prospect

of a revised Thai program, saying it was

would be seen as positive," said Sriyan Pietersz of SocGen Crosby Securities.

realize the current targets are unreal-

Thailand's program was negotiated

before the regional repercussions were

felt from the fall of the baht in July. The

devaluation triggered an economic crisis

that, within a matter of months, slashed

the value of many Asian currencies and

U.S. Says Peace Process Outweighs Israeli Politics

WASHINGTON - The United States underscored Monday its determination to move forward with Middle East peace efforts despite political turmoil in Israel.

"The peace process continues," said the State Department spokesman, James Rubin. "This is a process about peace and not about people. And the U.S. government believes it needs to move forward based nn what it thinks is best, and not based on the particular make-up of a particular government at a particular time.

region later in the day.

Mr. Rubin spoke after David Levy, the Israeli foreign minister, resigned from the government in a budget battle that some analysts said could damage the deadlocked peace process between Israel and the Palestinians even further.

Mr. Rubin stressed Secretary of Mr. Ross is to bold separate talks State Madeleine Albright's conviction about the urgeot need for progress io 1998 because in 1997 "there has been

The U.S. Middle East eovoy, Dennis that Yasser Arafar, the Palestinian Ross, was scheduled in leave for the leader, devise a "credible, sustainable, comprehensive, 24-hour-a-day, sevendays-a-week, 52-weeks-a-year" program to ensure Israel's security and that Prime Minister Benjamin Netanyahu of Israel fashion "a credible and significant further redeployment" of

baht, which makes it important to adjust Besides loosening up on the required budget surplus, some analysts suggested there may be a drop in the minimum level of foreign reserves.

"As it stands, the Bank of Thailand has its hands tied in cushioning the fall of the baht," an analyst said, "This would

with Mr. Netanyahu and Mr. Arafat to prepare for separate meetings they will have with President Bill Clinton in no forward movement" on peace. Washington Mr. Rubin reiterated U.S. demands respectively. Washington oo Jan. 20 and Jan. 22,

NATO: Some in Alliance Wonder if the Intelligence Services of Former East Bloc Nations Can Be Trusted

Continued from Page 1

is shared with current NATO members. The U.S. administration has too easily accepted the Central Europeans' arguments that they should not be treated as elections in the spring," Mr. Gold-schmidt, the head of Labor's faction in critics assert. second-class citizens in the alliance, the

"These guys may be loyal to Poland, but how easy is it to buy them now that ideology is not so important but money asked a U.S. intelligence official who has urged caution in joint Amer-Parliament. Meir Shetreet, said after ican-Polish intelligence operations.

Hearings on the expansion of NATO talks with Mr. Goldschmidt that he was began in the U.S. Congress in the fall. and a Senate vote is expected in the spring. A two-thirds majority in the Senelections appeared inevitable, but that ate is required, as well as approval by the Mr. Netanyahu would try to keep the legislatures of the 15 other NATO memcoalition together for as long as possible

The administration has said it expects to welcome the three countries into NATO in 1999, the 50th anniversary of

the alliance's founding. The intelligence agencies in Central

Europe have different degrees of relevance to Washington and NATO. By far the most important intelligence apparatus is in Poland, the most strategically and militarily dominant of the three proposed new members.

countries' spy agencies have visited CIA headquarters in Langley, Virginia, and CIA officials have come to Central Europe to give advice on restructuring agencies that were their Cold War foes. Poland's intelligence agencies bave

received the most attention from Washington, and the results have been "After 1989, links were established right away," said a U.S. official who was based in Warsaw. "There has been a

substantial level of confidence between the United States and the Poles. We have cooperated on a gradualist approach."

The structure of the Office of State Security, the civilian-run Polisb intelligence service, was basically kept intact said.

after the fall of communism in 1989. But

process in 1990. At that time, about 600 of the 1,000 Polish agents in the foreign branch service were let go, according to Gro-

Since 1990, officials from all three moslaw Czempinski, the head of the countries spy agencies have visited CIA service in the mid-1990s. But the agency, which combines both domestic and foreign intelligence services, became heavily politicized during the recent government headed by the former Communists, Mr. Czempinski

and Western diplomats said. The oew anti-Communist govern-ment, which won elections in September, has replaced senior officials in the

intelligence agency.
A NATO official said that "Poland would have been a real problem" if there had not been a change of government. "If the former Communists had stayed, there might have been a lot of different thinking in Washington," the official

Despite the problems, Washington

agents considered to be sympathetic to has tended to look somewhat benignly Moscow were dismissed after a vetting on the Poles, U.S. diplomats said. Poland has intelligence assets in places where Washington oeeds them - in Iraq and Libya, for instance. And the agency proved its usefulness to Washington by rescuing CIA agents stranded in Iraq before the Gulf War.

In the Czech Republic, the intelligence agencies have presented more problems than the administration exnected

Unlike Poland and Hungary, where old-timers were allowed to stay on under the oew anti-Communist governments. the Czech Republic basically destroyed its old secret services. They started over by hiring new people with no back-ground in intelligence work. The current bead of the Czech Republic'a military intelligence agency is Acting Major General Peter Pelz, an architect by profession.

A result of the reforms, a Western diplomat in Prague said, is that the "Czechs are clean but not competent."

In Hungary, even though a center-right government came to power after 1989 after the fall of the Communists, there was little purging of the secret services. The civilian and military intelligence organizations are headed by officials from the Communist era.

Some NATO officials play down the threat of damaging leaks from the pro-posed new members. They point out that NATO does not generate its own intelligence but distributes only what the allies decide to give it. Washington, for instance, does not share with NATO everything it shares with Britaio.

Retired General William Odom, who headed the National Security Agency in the Reagan administration and who sup-ports NATO enlargement, said that "the Russians will probably have enough residual capacity to cause us serious problems" in the three countries.

But the fact we have an intelligence problem is not a show-stopper," be said. "It just means we have spade work to

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THE CHALLENGE OF '98 / Coping With Globalization

China Faces Uncertain Economic Future Amid Asian Financial Crisis

By Seth Faison New York Times Service

SHANGHAI — The numbers look good. It is what they hide that is not so

The Chinese economy is still bustling along at high speed. Gross domestic product grew 8.8 percent in 1997 and is expected to increase nearly as fast in an aned industry left over from the 1998. It is almost as though China were old days of state planning, tens operating in a different hemisphere from of millions of grumpy, underthat of its Asian neighbors who are now engulfed by a financial crisis.

Inflation, once the greatest cause of fear to Chinese leaders who remember how it helped lead to widespread unrest in 1989, is now close to zero and is expected to remain in the low single digits. Just a few years ago, even the most optimistic government planners did not envision such a combination of

"Strong economic growth will conhalfway into the financial system, that it investment and increased competition of the size of China's black economy. signed in previous years came to fruition, time next year," said Ye Zhen, a is impossible to know where change will for its exports.

Of the size of China's black economy. Signed in previous years came to fruition. Perhaps the greatest uncertainty is is expected to fall sharply in 1998. spokesman for the State Statistical Bu- come smoothly and where it will oot. rean. "Inflation will remain at the lowest coordinate economic growth with stable consumer products.

But the economy has a gritty underside: a morass of dilapidemployed workers and insolvent banks trying to wean Chinese

handouts. All these factors make China's economic performance for 1992 highly unpredictable. Such a deep divide separates the old, state-planned way of allocating money and the new, marketdriven methods, which have only seeped

In a sense, the Asian financial crisis level in the 1990s, leaving much room to could not have come at a worse time for China. In 1997, Chinese leaders essen-

tially accepted the inevitable by finally deciding to cut loose the bulk of state-owned industries, once the mainstay of the socialist economy, because they had been draining state coffers more heavily each year.

This year, Chinese leaders

companies from an irrational system of hope to start engineering a huge sell-off "loans" that are still effectively state of the state-run sector, opening the door of the state-run sector, opening the door to large oumbers of layoffs, with the aim of essentially restructuring China's system of ownership within three years. With the regional economy tumbling

downward, precisely at a time when China most needs stable income, Beijing has become vulnerable to falling foreign

pected to back away from sinking additional money into China.

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Though farmers still make up the vast majority of China's population of more than I billion, the urban work force is up to 120 million, mostly employed by state-run industries. Many are underemployed - not working, but still officially oo the payroll at salaries as low as \$10 a month in some cases — and the restructuring is expected to lead to wide-spread layoffs.

One uncertain factor is how many of those workers and their families are already surviving on China's enormous underground economy. The combination of high taxes and poor enforcement is a powerful incentive to many businessmen to keep their operations off the books.

Asian investors, in particular, are ex- what new form of ownership will emerge as the sell-off of government-

run companies takes shape.

Economists have resisted the term "privatization," because even as local governments seek buyers, they are ex-pected to oppose the concentration of statistics reached \$40 billion in 1997 and pected to oppose the concentration of economic power in the hands of any one is likely to drop to \$32 billion in 1998. Because a major portion of China's

"I think it will look more like South Korea, less like Russia," said an economist with Standard Chartered Securities in Hong Kong. "They are going to be much more comfortable with large government-backed conglomerates than with sprawling empires run by private

In any case, there are still sharp limits on the opportunities for foreign investors.
Foreign investment, after reaching \$44

Exports, which jumped 20 percent in 1997, are expected to keep growing, but at a slower rate. Several government economists predict an 8 percent increase for exports in 1998, reducing China's

exports are goods involving the assembly of raw materials or parts that were imported from Southeast Asia, initial costs will fall because of the declines in those countries' currencies, possibly making China's exports cheaper as well.

Slower export growth, mostly be-cause of competition with Southeast Asian countries whose goods are now less expensive, may also reduce trade disputes with the United States, China's

The Great Transformer

Euro Requires the Rejiggering of Everything, From Taxes to Interest Rates to Computers

By Edmund L. Andrews New York Times Service

political or economic calamity, the Euhave begun overhauling their computer systems, and many big companies are already making plans for the switch.

But the magnitude of the transformation is only beginning to sink in.

To be sure, European leaders still face tries. Germans now parties.

a few big decisions in 1998, and consumers will not start to use euro hills and coms, which have already been designed, until 2002. But as of 1999, at least 10 and probably 11 countries are expected officially to surrender their own monetary policies and hand power to a new European Central Bank-here in differences. Germany's sales Frankfurt.

From Day One, transactions between banks will be processed in a new doubleentry format, for both euros and a national currency.
Corporations like Daimler-Benz and

Siemens say they will carry out all their

paper transactions in euros before the end of 1999.

FRANKFURT — Absent a buge switch by July 1, 2002, the deadline by which national currencies are to be abolropean single currency, the euro, will ished. Between now and then, almost thake its debut on Jan. 1, 1999. Banks anything that has to do with money will

 Manufacturers of everything from cars to clothing will have to smooth out what are often substantial differences in the prices they charge in different countries. Germans now pay more for a Mer-cedes in their homeland than they would in Italy, an opportunity that has already stimulated a lively arbitrage business among "gray market" auto dealers that buy German cars in Italy and resell them

 Governments must reckon with tax differences. Germany's sales tax will be 16 percent oext year, but the French pay 20 percent. And income tax rates vary even more widely. Because the single currency makes all costs easier to compare, countries with higher taxes would probably lose business.

· Banks, corporations and government agencies will have to overhanl computer systems. Invoices, tax calculations and bank statements will have to be changed from marks or francs to euros. By some estimates, the conversion could cost private industry as much

as \$80 billion.

"Everything that is related in one way or another to the Deutsche mark will change," said Dieter Bock, financial director at Puma AG, the athletic shoe manufacturer in Herzogenaurach, Germany. Consider the problem of a shoe that costs 149 Deutsche marks. Like companies everywhere. Puma sets prices that end with a 9 because 149

sounds lower than 150. But 149 marks would convert to something like 75 euros, which creates a pricing problem that could be ticklish to thousand-resolve. "The question is, where is the new price for this article?" Mr. Bock

One we asked. "Will it tend more toward 79 or 69 curos?"

But where medium-sized companies like Puma face difficult questions, multinational giants like Siemens and tral Bangkok, may be an early sign of Daimler-Benz see opportunity. The recovery: Thailand is emerging from a elimination of currency fluctuations crippling stage of national denial. elimination of currency fluctuations should make planning, pricing and billing simpler for big companies, which send many of their exports to other EU

Indeed, the advent of the euro has already unleashed a flurry of mergers as companies that until now were seen as largely French, Italian or German, for example, seek to grow into pan-European groups.

Analysts expect these combinations to continue, redrawing the business map of the Continent.

Frankfurt will feel some of the most direct effects of the conversion. Though this city is the beart of the buge Germany banking system, and will be home to the European Central Bank, the financial sector here could end up a loser.

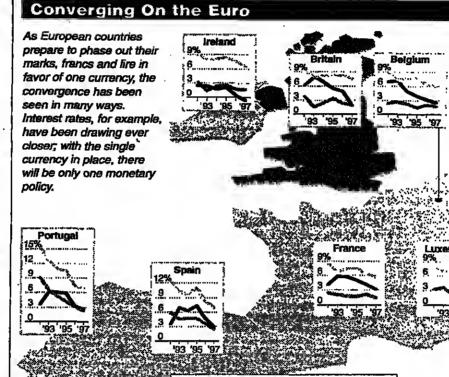
The euro is bastening the ascent of London, not Frankfurt, as the financial capital of Europe, even though Britain does not plan to adopt the single cur-rency immediately. As financial instinations increasingly organize them-selves into pan-European enterprises, even big German banks like Deutsche Bank and Dresdner Bank are moving key operations to London, which has a much deeper reserve of traders, brokers and sheer technical infrastructure.

Once the euro becomes fully established, it will wipe out a large comchange trading between European currencies. Europe's huge bond market will also be transformed. Until now, bonds sold by different countries have always offered different interest rates. reflecting the varying strength of cur-

But all that will disappear with the euro. Once the European Central Bank of European interest rates because there will be only one currency. Indeed, interest rates have already been converging across Europe, partly because countries had to bring their rates in line with core countries like Germany and partly because traders have been betting that Italian bonds, for example, will soon simply be euro bonds.

On down the line, almost nothing will escape the transformation. The vast majority of parking lots in

automated machines they use to take phones accept calling cards that must be lifted anyway. recalibrated. And then there are the untold millions of computer keyboards now in use that do not have the E-shaped



What's Ahead in 1998 March 21 and 22 Meeting in York, England, to prepare for recommendations on which countries will be let into the euro Last week in March Official "convergence reports by the European Monetary Institute and the European Commission to show which countries meet the entrance criteria for the euro. May 1-3 Summit meeting of European heads of state in Brussels. Decisions to be Which countries will adopt the euro. Who will run the new European Central Greece 21% . What the exchange rates and the euro will be during the transition to the new

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Mutual Funds Post a Record For '97 in U.S.

New York Times Service

NEW YORK --- The U.S. mutual fund industry just finished its biggest year ever. A record amount of money flowed into long-term funds — that is, stock and bond funds combined.

Total assets spread among stock, bond and money market funds oow top \$4 trillion. Even after three straight years of torrid growth, Americans show few signs of slowing down in their drive to accumulate assets for retirement.

Coupled with the strong performance of the equity market in the last three years, however, the acfund kioldings heavily toward stocks more so the country time in the last 15 years.

While most investors show few signs of being sated in their appetite for stock funds, the need to rebalance their portfolios could weigh heavily on investment decisions this

In the first 11 months of 1997. more than \$245 billion in oew investments flowed into stock and bond funds. That topped the pre-vious record for a full year's cash flow, of \$243 hillion, set in 1993. Data on December cash flows will not be released by the Investment Co. Institute, a fund trade group, until later this month, but analysts estimate that stock and

bond funds added \$12 billion more last month. The heavy flows followed a fairly strong year in 1996, when \$234 billion went into stock and bond

portfolios. Can this volume continue? Michael Lipper; chief executive of Lipper Analytical Services Inc., which tracks mutual fund performance, thinks so.

He said he expected the money to continue to pour in at close to its 1997 pace, particularly in stock

Mr. Lipper noted that when the 1997 stock fund flows were measured as a percentage of assets, rather than in dollars, they did not ap-proach the record level set in 1993. In that year, the monthly intake of new cash among stock funds measured 1.7 percent of their assets. The 1997 flows averaged less than 1 percent a month, and even in 1996,

somewhat like we saw in 1997."

The makeup of recent cash flows has also changed. In 1993, the incoming cash was fairly equally divided between stock and bond funds, but the 1997 cash flows were beavily skewed toward stocks. Through the end of November,

Asia's First Step to Recovery: Seeing Depth of Woes

European Union members that are expected to adopt the euro in the first round

By Seth Mydans

been gathering every weekend in a carnival atmosphere to sell their status symbols: expensive cars, designer clothing, thousand-dollar watches, even a light

One week, a former employee of a cade of rapid growth and the epicenter of closed finance company hung a "For its crash — could well slip into recession Sale" sign around his own neck, advertising his availability for work. This curious spectacle, held in a parking garage in cen-

In recent weeks, the other hardest-hit nations of Southeast Asia have also begun to grapple with the downturn that over the last six months has ended a decade of sky-high growth.

That is the good news. The bad news, analysts say, is that recovery will take time, will cause both economic pain and social disruptions and will call for strong political will among the region's leaders.

This year "is going to be pretty ugly." said Stephen Taran, managing director of Lehman Brothers Inc. in

They're dealing with a crushing hur-

BANGKOK — In a new ritual of den of currency depreciation," Mr. nations sought cheap labor for their in-Thailand's hard times, people who call Taran said. "They're looking at a much dustries. Thailand had also extended it-

previously expected." In a December report, the Organi-

zation for Economic Cooperation and nation with the weakest and least cap-Development said Thailand - perhaps the champion of Southeast Asia's de- lems to grow rapidly. in 1998. Malaysia, Indonesia and the Philippines will also take years to recover their economic health, it said.

But by 1999, the report said, growth sbould begin to pick up, mainly as a result the of drops in the values of the region's currencies, which will make their exports more competitive. Of course, many of the things that fueled Asia's economic boom in the first place forces, for example — remain in place, providing some optimism for the future. But in the nearer term, there will be

The fall of the dominoes has been all the more striking because of the sharp differences among the affected coun-

themselves the "formerly rich" have sharper deceleration of growth than was self the most with foreign borrowing and easy credit, making it highly vulnerable

> able leadership, which allowed its prob-But this picture changed markedly last fall when a new prime minister, Chuan Leekpai, took office and undertook a tough economic reform program. One foreign businessman now calls him-

when its bubble burst. It was also the

self "a guarded and perhaps naive op-timist on Thailand" — which is a great change from the tone of a few months Malaysia, which at first set the standard for denial, now seems to have acknowledged its problems, paring down

- well-educated and motivated work its growth forecasts and putting a hold ou several building projects. Prime Minister Mahathir hin Moha-

mad, who at first blamed a variety of foreign enemies for Malaysia's problems, has suddenly become his nation's chief cheerleader for austerity.

Economists say that with this attitude, his nation may be in a better position to Thailand had benefited the most from recover than Thailand or Indonesia beforeign investment as Japan and other cause Malaysia's banks are mostly ments.

Countries Acknowledge Need for Bitter Medicine healthy and its businesses and financial institutions never accumulated the huge. foreign debts of these neighbors.

Indonesia impressed analysts with its quick move in October to call for belp from the International Monetary Fund. which stepped in to provide the major part of a \$40 billion international aid package.

But there are serious questions about the firmness of Indonesia's commitment to deep-running reforms that would oecessarify cut into the boldings of the family and friends of Presideot Suharto.

Indonesia's recovery is the most dependent on political factors. New concerns have arisen about the bealth of the country's long-serving president, just a few months before Mr. Suharto is to be endorsed by Parliament for a seventh

five-year term. The Philippines, which never quite managed to join in on the region's boom. has remained comparatively isolated from the region's crash. Its currency and stock markets have slumped, but to a lesser degree than those of its neighbors, and its comparatively modest growth

Analysts say the country, which suffered for decades under the label "sick man of Asia," could be one of the first to recover from the region's ail-

BOOM: Despite Asian Crisis and Its Threats, the U.S. Expansion Continues – for Now

Continued from Page 1

United States economy has defied seers of an imminent slowdown, and it will again in 1998."

The Asian currency devaluations and stock market selloffs, the bankruptcies, bank failures and collapsing consumer demand there have shifted attention from the U.S. economy's strengths to its vulnerabilities.

So far, the economy's strengths have prevailed.

The gross domestic product grew by ponent of financial activity — the ex-change trading between European bursts of consumer spending, mostly on credit, and big outlays by business for new equipment. That rapidly expanding output of goods and services helped to push corporate profits to their highest levels since the 1960s.

The strong profits, in turn, played a big role in driving op stock prices, adding to the wealth of tens of millions takes over, there will be only a single set of shareholders and encouraging them to spend. Ample work also gave people more money and encouragement to spend. The work force grew by almost 3 million jobs, the unemployment rate fell to its lowest levels in years and weekly wages rose slightly faster than the inflation rate for a majority of workers.

"For the first time in years, there have been real, broad-based wage gains, said Lawrence Mishel, chief economist at the Economic Policy Institute in Washington. Of course, the wage gains, European cities will have to adjust the adjusted for inflation, do not get typical workers back to what workers earned in money and dispense tickets. Most tele- the 1970s and 1980s. But spirits are

Wages have been gaining ground not so much because of big raises, but mainly because inflation has been so low — less than 2 percent over the last 12 months.

The persistently low inflation rate has inhibited the Federal Reserve from slowing the economy, a step that would halt, in the process, the gains in wages

and jobs.
"Lots of things can happen to the American economy in 1998," said David Collander, an economist at Middlebury College, "but the most likely thing is that it will keep on growing as long as inflation does not accelerate and the Fed does not step in."

In the Fed's eyes, a strong economy normally produces shortages. With demand rising, there are not enough grads and services to go around. So busin, sees, in effect, ration what they have by raising prices. Or they raise prices to pay for wage increases. Either way, the inflation rate rises or

seems about to do so. And the Fed. in response, slows the economy by raising interest rates to discourage spending and investment. Often in the past, the Fed has raised rates too much and recessions have developed. This time, however, the pricing pattern is broken. Prices have not risen,

even as wages have. Despite strong demand, goods and services are plentiful. not scarce. The Asian crisis plays a role here. With consumers in Korea, Thailand, Malaysia, Indonesia and Japan buying less, those countries are exporting more of their merchandise to the United

because their currencies are falling in stepped up production capacity at home. The machinery and floor space used in domestic production have grown over the last two years at an annual rate of

more than 5 percent, new government figures show. That is nearly double the growth rate in the early 1990s.

The issue of the year, then, is oversupply. In a number of industries autos, toys, paper, plastics, textiles, elecronics — production outstrips demand.
The problem is how to get people to buy up all that is out there, not to spend less. And the Fed, partly in recognition, has left interest rates untouched for oearly a

"The global economy desperately needs all the yuppies it can muster," said Edward Yardeni, chief economist at Deutsche Morgan Grenfell, the Wall

If they do not meet the challenge, the oversupply will push down prices, which may be a boon to consumers initially. But deflation means more than just falling prices. The price declines squeeze profits. Companies cut back through layoffs and less investment. Uoemployment rises, the economy slows. and wages lose ground.

The real deflationary damage kicks in if the value of homes, cars, stockholdings and other property bought on credit drops so much that it is worth less than the debt still owed. With incomes weakening, people fall behind on their debt payments. Defaults rise --- they are frequent even now --- and the property, often held as collateral, loses more value. Banks, credit card companies and

States, at ever lower costs in dollars, other lenders are hurt. Some forecasters expect the nation's economic growth rate to decline in 1998 The rising supply of Asian goods to 2.5 percent, from oearly 4 percent last comes when U.S. companies have year. That would still be above the average annual rate during this recovery, which was weak until the surge in growth over the last 18 mouths. And 2.5 percent would still be enough, the fore-

casters argue, to keep the unemployment rate low and wages rising by a bit more than the inflation rate.

Their outlook assumes that the ecouomy's strengths, not its weaknesses, will prevail. But the weaknesses are noteworthy, too.

Perhaps the most alarming is household debt, built up through credit cards, personal loans, mortgages and other borrowing. Honsehold debt has risen to record levels as a perceutage of the personal income available to repay the debt. Measured this way, the debt load is nearly one-third greater than it ever was in the 1960s, 1970s or the early 1980s.

That makes repayment a problem, and personal bankruptcies are at a record level. So are credit card defaolts. But the greater danger, some economists say, is that the debt might stop rising. The rate of growth in household debt is already beginning to slow as households cut back their borrowing. As they do so, the economy is deprived of a stimulus that contributed so much to the strong recent

economic growth. Debt has been a source of growth for years. Government borrowing in the 70s and '80s, evident in the rising national budget deficit, provided the main stimulus in that era, said Wynne Godley, an economist at the Jerome Levy Institute. Then, as the deficit leveled off and shrank, rising household borrowing took over the task of stimulating the economy. "Now if private credit stops rising, too," Mr. Godley said, "the mo-

tor is taken away from the expansion. Nothing in economics happens in isolation. One dynamic feeds oo another. When consumers cut back on borrowing, spending slows, production declines, job creation slows. unemployment rises and the economy weakens.

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stock funds took in only about 1.3 percent of assets a month.

This year, Mr. Lipper said, "We're looking for the flows to be

about \$209 billion had gone into stock funds, while a mere \$36 bil-lion had headed for fixed-income

Rwandan Goes Free

An American court should be extraordinarily careful before turning a suspect over to a foreign tribunal for trial. That sensible principle led to a mistaken ruling on Dec. 17 by a Texas judge who freed a Rwandan wanted by an international court for genocide and crimes against humanity. The judge released Elizaphan Ntakirutimana, ruling that there was no constitutional basis to turn him over to the International Criminal Tribunal for Rwanda. His release was based on faulty reasoning.

The indictment against Mr. Ntakirutimana, a Hutu pastor, charged that when Rwanda's genocide began in 1994, he urged Tutsi to hide in a church and hospital compound, then led armed Hutu to the compound who slaughtered hundreds of the refugees. He fied to Texas to live with his soo and was arrested in 1996.

The federal magistrate judge, Marcel Notzon, argued that even though Congress passed a law in 1996 authorizing the United States to turn over fugitives to the international tribunals for Rwanda and Bosnia, that law was unconstitutional because the United States has no extradition treaty with

But the U.S. Constitution does not

require a treaty to surrender a criminal fugitive. Indeed, the Supreme Court ruled in 1936 that an act of Congress is sufficient. The United States has also signed a treaty that bears on this case the United Nations Charter. The Rwanda tribunal, along with one for Bosnia, was created by a UN Security Council resolution. Washington rightly called oo Croatia to turn over war crimes suspects in keeping with

Judge Notzon also questioned the evidence against Mr. Ntakirutimana. His concerns about fairness are important, especially since the Rwanda tribunal initially was poorly run. But the problems are now largely solved, and both tribunals have been just.

such a resolution.

The judge's decision also seems to betray onfamiliarity with the climate of fear in Rwanda and how mass murder

is carried out. Given the possibility that Mr. Ntakirutimana may flee, the Clinton administration should appeal the case quickly. It would be tragic if the United States, which has played such a crucial role in the creation and support of the tribunals for Rwanda and Bosnia, did not honor the obligations to turn over fugitives that it has urged on others. -THE NEW YORK TIMES.

Yes, Talk About Food

holidays purports to show that consumption of fruitcakes, despite decades of relentlessly bad press, increased in America this year by 20 percent. It is a lesson that might usefully be pondered by the sponsors and champions of the set of wrongheaded and probably unconstitutional laws known as food defamatioo laws, which will be tested for the first time in federal court this Wednesday in Texas.

The case in question was brought against talk show bost Oprah Winfrey by two groups of Texas ranchers in Amarillo under the Texas Faise Disparagement of Perishable Food Products Law, after a 1996 broadcast in which a vegetarian guest discussed the dangers of "mad cow disease" so vividly that Oprah Winfrey declared that she would stop eating hamburgers. The ranchers blame the comments for a sharp one-day fall in beef prices and sequent losses in profit, although prices later recovered.

It may strike an observer that these comments sound well short of actionable and that lively discussions about the safety of the food supply are a good deal more useful to civic health than some of the bizarre fare to which Oprahstyle talk shows are prone. But bringing the case to court could be an equally useful exercise if it focuses more attention and alarm on these odd "food disparagement" laws, now in force in

A lighthearted study done for the ment on a wide variety of meats, vege-

ought to be enough to overturn most of these laws on constitutional grounds. In an era of Olestra, worldwide food shipping, chemical breakthroughs such as irradiation and ever changing orthodoxies oo outrition, the society-wide discussion of food issues is not just

It is possible to sympathize with the initial impulse that led apple producers to seek ways to protect themselves after the Alar scare (later determined to be unfounded), or that leads beef producers such as the plaintiffs in the Oprah case to look for someone to blame after a societal bout of panic aboot mad cow disease. But that should not lead to acceptance of an attempt to muzzle speecb oo a matter of public interest.

Shielding Your Data

sitive personal information from being bought, sold and spread electronically to the four corners of the earth? The U.S. Federal Trade Commission has weighed in with a heavily qualified "yes."

Commercial "look-up" services, it

said, can rein in abuses and limit the damage to consumer safety and privacy if they adhere to a generally promising set of voluntary principles worked up by the industry. But those principles contaio gaps, and although the commission does not recommend regulation just oow, it sees some important holes in the industry's plans that need urgently to be plugged.

Left unsaid in the report is the amount of damage that even a single leak or toophole, or a single fly-by-night or unothical company, can do in a business marked by lightning replication and recombination of data received from sources both public and private.

The burgeoning and highly lucrative "individual reference service in-dustry," as it calls itself, makes money by buying up databases from such disparate sources as motor vehicle bureaus, gas and electric companies, courts, posi offices and credit bureaus, and then aggregating the data and selling them noward to paying customers.

This can be a boon — it makes the work of child-support enforcement much simpler, helps track financial crime and allows citizens to run background checks on baby-sitters — but at a cost in privacy and the cherished Amtables and specialty products. Even a modicum of such attention

freewheeling but at times positively brawling. And this is as it should be.

The laws, say their defenders in the relevant industries, were written to be constitutional, merely targeting negative unproved comments about food a simple matter of redressing the burden of proof. But this cannot be done. Those who oppose such curbs oo goodfaith speech point out that science, not to mention public policy, moves forward precisely by means of debate, charge and countercharge over not yet proven dangers. The Oprah case is a good opportunity to set this straight.

erican ability to melt into the crowd. Data that do not seem particularly intrusive by themselves - such as mother's maiden name, obtainable from birth certificates — become much more so wheo combined with the same person's address and Social Security ournber (obtainable from most driver's licease applications).

The FTC would like to see more restrictions on what companies can do with data obtained from such public sources, but it praises the companies for adopting at least fairly significant curbs on how they will distribute information obtained from "oonpublic" sources principally credit reports. They also promise not to market searches by So-cial Security oumber (an obvious route to fraud and what is spookily known as "identity theft"). And they distinguish between the kinds of data that may be provided to carefully vetted institutional clients (such as law enforcement agencies) and the far more limited kinds that can be made available indiscriminately to any paying customer, or accessed via the Internet.

As the commission points out, though, none of this buying and selling is controllable by the helpless individuals whose data have been harvested. Few have adequate rights to opt out, shield their data or correct errors, and most are unaware that the databases in question even exist. Extending those protections ought to be the focus

of any further policy.

—THE WASHINGTON POST.

Herald Tentional Cribune

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Dr. IMF Prescribes Recession for Some Patients

WASHINGTON — The global in-stitutions designed after World War II to promote growth have become agents of economic austerity. The winners are the large investors who get rescued in these periodic bailouts. The

losers are the ordinary people. The International Monetary Fund and the U.S. government are both playing with fire. The Asian financial crisis is the most serious threat to global prosperity since the oil sbock of 1973.

The IMF was designed in 1944 expressly to prevent the currency deflations and exported financial panics that deepened the Great Depression. It was intended to anchor monetary stability, contain panies, discourage currency speculation and allow countries to grow their way out of recessions. But the IMF is now the premier instrument of deflation, as well as the most powerful unaccountable institution in the world.

When a country gets into financial difficulty, it does what the IMF says or goes into default and faces worse calamity. Of course, the IMF works hand in glove with the U.S. government, so the IMF's victims are correct ment and a productive work force. .

By Robert Kuttner

to see it as a surrogate for U.S. power. The IMF has a one-size-fits-all economic program to impose in any crisis: Tighten your belts, and open your markets. In return, it offers financial aid. In the Asian financial crisis, the IMF's main strategy has been to pour oil on the flames, battering countries into deeper recession.

As the Harvard economist Jeffrey Sachs has observed, you have to wonder just how much the IMF really knows about these countries. As recently as three months ago, Mr. Sachs observes. the IMF's directors "welcomed Korea's impressive macroeconomic performance." They similarly lauded Indonesia, now also a basket case.

Until 1996, South Korea had the world's most impressive rate of economic growth. Its economy and living standards doubled in a decade. It became a world economic power because it made good products, thanks to high domestic rates of savings and investHowever, its development strategy included a heavy role for the state. Despite the epic success, this approach

offended most American economists, because it is not supposed to work. The IMF/U.S. line is that South Korea is suffering a delayed day of reckoning. Government-led and financed devel-

excess capacity and a crash.

So the IMF's price for orchestrating bailout is that South Korea give up this model and let tottering institutions fail, the way they are supposed to do under Western-style capitalism. The same recipe is commended to Japan.

Thus, the IMF is using South Korea's financial crisis to remake its economy in the U.S. image and, as a side effect, to induce a deep recession.

There are several problems with this

smng formula. First, the hypocrisy is breathtaking. Orthodox economists seem eager to commend a strategy of letting markets purge failures only when the harm falls on other people.

When most U.S. money-ceoter

banks technically were insolvent in the early 1980s after a binge of dumb and greedy Third World loans, the Federal Reserve encouraged them to cook their books until confidence was restored.

The Fed did the same in the 1987 stock market crash, pouring is money so that no large institution would go bust. Second, evidence is that what opment policy could work only for so long, eventually this model would lead wrecked the South Korean economy was too much market liberalization too to bad investment decisions, corruption, soon. The MIT economist Alice Amsden, a genuine Korea expert, observes

that only when the government, under pressure from international institutions, loosened controls on banks did speculative pressures against its currency become a serious problem.

Yes, South Korea needs to open its economy, but at a bearable pace and not

at the price of deeper depression.

This early echoes the 1930s, but you get the feeling that the IMF would rather score some ideological points than belp these countries.

The writer is co-editor of the American Prospect. He contributed this comment to The Washington Post.

Campaign Financing: Ever Paying Tribute to the Kings:

Washington — Much of 1997 in Washington was spent looking for the elu-sive quo, as in quid pro quo, and meaning the payoff. What did all those industries and individuals get or expect to get in return for their hefty campaign cootributions to incumbents in both parties? Why, both at home and abroad, did they respond with such alacrity and argesse to the big shots' so-

licitations? As usual, the search for evidence of specific rewards for the money has been largely unavailing, as has been true in many political-bribery criminal

cases for years. There have been a few demonstrable examples of particular official favors granted directly for money. Bot, to the frustration of prosecutors and investigators and media sleuths, there have not been very many - and surely not in oumbers commensurate with the wide-

spread suspicions and charges.
This is taken as vindication, as evidence of innocence by whichever party is being

charged.
"You can't prove," they say,
"that Old Moneybags got anything from the Republican Congress or the Democratic White House in return for his gargantuan contributions to both."

And in this they are, most of the time, right. But they are right because the investigators and accusers so often have a skewed idea of the "system" struggles and other unsavory en-they deplore and are looking for terprises with which we are fathe wrong thing — a single, identifiable payoff such as oneshot legislative relief of a probsomething like that, which was given in undeniable return for

If the pervasiveness of the enormous campaign donations by single industries and individuals to incumbents of both parties should tell us anything, however, it is that we are not dealing with a system of old-fashioned bribes here. We are dealing with something else, familiar since ancient times as a tributary system.

Those who pay tribute are (or believe they are) boying the

By Meg Greenfield

right to function as they wish, to be left alone, not to be set upon by those with official power to harm them, a right to be treated with special consideration, to be allowed to cross the king's terrain in peace. They are under the king's protection, and ma-rauders and bandits thwart them

at their own peril.

In antiquity and also in medieval times this idea was well understood. The patronage and high regard of the potentate were invaluable coin, as oseful to commerce as they could be essential to personal security.

It struck me as oddly provincial last year, when people were expressing doubts that all those foreigners would pay so much for nothing more than a photograph with the president, that one response was that we didn't understand the importance that closeness to the leader had in their cultures.

Surely from our own mob protection rackets to the influence-peddling claimers of close association with the powerful to the profit-seeking publicity hound who also benefits from seeming to be in special favor with the leader, Americans have not been slow to understand the return they get for the tribute they pay.
At the local level in old-style,

big-city party patronage politics, oothing was more clearly un-derstood. Likewise in gang turf struggles and other unsavory enmiliar. It is security at a price.

Yes, it is true in the campaignfunding world, the benefits are lem or a personal tax break or sometimes identifiable and concrete and that many more of them than we know have always been tucked into obscure legislation and bureaucratic rulings, to become apparent only when, by accident or snitching, one of them drops out.

And even if you cannot prove the causal connection between the money given and the busi-ness break received or political position changed — and many such pairings have been un-covered — that does not mean there was no causal connection. But even without them our

oewly enlarged and all-encompassing bipartisan tributary system would continue to exist and flourish. People would persist in trying to buy goodwill or at least an environment that is out

power to grant them. But, you say, we don't have a king. And you are right. Be-tween the White House and the Congress and all the agencies under their cootrol as incumbents, we have many kings who can grant or deny yoo safe passage. Campaign contributions in our tributary system are meant to propitiate them all and to dis-

hostile from those with the

beholden to or afraid of them. They do not, of course, have monarchical power. But the reason this particular campaign-contribution form of tribute has burgeoned in recent years is that their powers have grown enormously. Over the past two de-

ticipants in the transactions. They may pretend not to understand how the system works. but they do. And they also, as courage attack by those who are we know, do their best to see that everyone ponies up the price of safe passage.

I know there are other reasons that the size of campaign contributions has increased so much. And I know there are vast oumbers of people who give

cades, starting roughly with en-actment of the Great Society legislation, the federal govern-

ment has acquired an ever more

expansive role in the affairs of

business, industry, professions

and institutions than it began to

neither monolithic nor nn-

checked. But it is surely large

and potentially very consequen-tial to most of those who make

As in most such systems, the

receivers of the tribute are

hardly passive or unaware par-

have before.

the huge donations.

(much more modestly usually) on the basis of wanting to see the party representing their political views prevail. But there is something else at the core of the outpouring of buge. sums of money into the parties. coffers from all around the world these days.

its power in these realms is The Republicans who are bear neficiaries of the money have oddly, left it out of their familiar complaint about the way-too-big. size of the federal government. So have the Democrats, whose leader, Bill Clinton, said in 1996. that "the era of big government; is over." Not even close.

You will know that the era of big government is over in Washington when the campaign-financing tributary systern has closed down, and people are no longer proffering their checks with the message, less traditionally defiant than newly defensive, "Don't tread on me - please."

Join the Government and Go Into Debt

WASHINGTON — Not very long ago, I ran into George Stephanopoulos, the former White House aide, and asked him how much his government service has cost him. About \$100,000, be responded with a shrug of the shoulders. We were talking legal bills for never committed or, just to be precise, alleged.

In Washington, the wages of sin are exceeded only by the wages of public service.

Mr. Stephanopoulos was quick to add that he is not asking for sympathy. He has done quite well, thank you, what with a teaching post, book contract, lectures and a TV gig with ABC. But he wanted me to remember the others, government officials either anonymous or obscure, who came to Washingtoo to do good and left ow-ing lawyers a bundle.

One of those, neither anonymous nor obscure, is Bill Clinton. The chief executive owes some \$3 million in legal bills. The figure surfaced once again

By Richard Cohen

because the president's legal defense fund is closing down, having taken in less money last year than it spent - going some \$12,000 in the red. For a time, it seemed that the

defense fund would need a legal defense fund. It got into trouble when it was revealed that Yah Lin "Charlie" Trie, a Clinton friend from Arkansas and substantial donor to the Democratic Party, had given the fund \$60,000 in sequentially oumbered money orders. (The fund would accept no donations over \$1,000.) The money was returned, but the fund was hauled before Congress and last year wound up spending \$92,000 on its own legal de-

fense and administrative costs. For Clinton haters this is all terrific stuff. Bot for the rest of us, this is all disturbing news indeed. The president, I remind one and all, has been convicted of no crime nor, in an official sense, has he been accused of one relating in the least bit to

the conduct of his office. He remains plagued by his Arkansas years, either the Byzantine shenanigans of White-water or the accusations of Paula Jones. Neither of these matters would have arisen and proved so costly had Mr. Clintoo merely remained in Arkansas. When he won the presi-

There is something troubling here to those of us who think that government service ought not become a financial calamity. Mr. Clinton is oot alone. His onetime deputy chief of staff, Harold Ickes, left the

White House with \$200,000 in. legal bills. Mr. lokes testified

before grand juries and congressional committees some 17 times, and there are not a dozenpeople in the land who can tellyou what for. It had something to do with campaign financing. tion, an enterpris

The government is running a multiple grand juries and congressional hearings. By last fall, two congressional committees; had called 370 witnesses and issued 700 subpoenas. Each witness needs a lawyer, and if you cannot use a Justice Department lawyer on account of a conflict of interest, then you have to pay Washington's prevailing legal," rate of \$250 an hour.

At ooe time, it was expected that ambitious people would trade the relatively low pay of Washington for the rewards of government service, both psychic and, of course, financial. Many a successful lawyer. or businessman made a name; for himself in government service. Now, though, there is the chance that instead of parlaying your Washington years into something more remunerative, what you are going to get is, as the old song says, another day older and deeper in debt.

Dee Dee Meyers left the White House with \$50,000 in-

legal bills. Just what, exactly,? was her crime? Hillary Clinton's former chief of staff, Margaret Williams, left her job with 1 an excess of \$100,000 in legal fees still owing. Again, what a did she do wrong? The answer? in both cases is 'nothing.'

The problem is with a system.

that is excessively prosecutorial? and bitterly partisan.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO.

1898: Lease in China

BERLIN - To-night's [Jan. 6] Official Gazette announces that a treaty by which the Chinese Government has leased Kiao-Chau to Germany has been agreed to Germany obtains by this treaty a lease of this place for a lengthened period, and the right to erect all buildings, &c. that she pleases within the territory leased, and to take all measures she may deem necessary for the protection of these buildings.

1923: Taxing Graves

PARIS - Communal councils in Soviet Russia introduced a tax on graves in default of other assessable property, but the communistic principles of the equality of mankind are sacrificed. Graves are divided into three categories: proletariat graves; semi-bourgeois burials, surrounded by a rail; bourgeois

vaults. The tax is as follows: simple graves per square arshin 1 million roubles; railed-in graves, 2 millions; vaults, 3162 millions. In case of non-payment another corpse is at once. buried in the same spot.

1948: Haganah Blast JERUSALEM - Squads of

Arab volunteers and British sappers, working by the spote lights of armored cars, hanled away at huge stone slabs, trying'? to recover the bodies of twenty. persons killed in the Haganah blasting of an Arab hotel, Haganah said it attacked the hotel with a bomb because it was the district headquarters of the Arab .: military organization. Arabitiends of victims, however, declared that more than half of the . occupants of the Semiramis. Hotel, in the fashionable Katamon section, recently moved. there from mixed areas because. they felt it "safer."

dency, he lost a fortune.

BOSTON - Practicality has been a feature of American life from the start, and a reason for the country's success. Americans on the whole eschewed ideology. We A strange contemporary ex

ception to that tradition is the war on drugs. By any rational test it is an overwhelming fail-ure. Yet leading politicians persist in calling for ever more stringent measures to enforce the policy of total prohibition, doing their best to prevent even

In 1980, the federal government and the states spent perhaps \$4 billion on drug control; today the figure is at least \$32 billion. The number of people in prison on drug charges has also multiplied by eight, from 50,000 to 400,000.

Yet the use of forbidden drugs remains a reality of American life. Supplies are plentiful despite costly attempts to stop the production of drugs in other countries.

than the financial cost. In morphine or injectable meth-1996, 545,000 Americans adone for 1,000 hardened were arrested for possession of marijuana, giving these ported last July, showed that mostly young people a criminal offenses by the group inal record for use of a drug as dropped 60 percent, illegal accepted in much of their culture as alcohol in ours.

By Anthony Lewis

The War on Drugs Is Being Lost

on for a first, nonviolent drug

Is there an alternative way judged ideas by whether they worked. When they didn't, we tried something else.

of dealing with the grave buman and social problem of drug abuse? Yes, there is. It is explored in the new issue of Foreign Affairs, in an illuminating article by Ethan Nadelmann, director of the Lindesmith Center in New York, a

drug policy research institute.
The alternative is to acknowledge what Americans came to understand about alcohol after 14 years of the noble experiment Prohibition. That is, as Mr. Nadelmann puts it, "that drugs are bere to stay, and that we have no choice but to learn how to live with them so that they cause the least possible harm."

The harm-reduction approach to drugs is in growing use throughout Europe. That includes a country as conservarive as Switzerland.

In 1974, Switzerland began an experiment allowing doc-The human cost is worse tors to prescribe beroin, heroin addicts. The results, reheroin and cocaine use fell dramatically, health was Many thousands of people greatly improved, and stable are serving long terms in pris-

Another policy adopted in much of Western Europe, Australia and Canada is to allow exchange of used needles for clean ones. This has had an important effect in reducing HIV infections. In the United States, despite proposals for needle exchange by commis-sions starting under President George Bush, the White House and Coogress have blocked the use of drug-abuse funds for that purpose. The result, Mr. Nadelmann says, has been the infection of up to

10,000 people with HIV. Similarly with marijuana, the practice in much of Western Europe is not to prosecute for mere possession. 'Most proponents of harm

reduction do not favor legal-ization." Mr. Nadehnann says. But "they recognize that prohibition has failed to curtail drug abuse, that it is respoosible for much of the crime, corruption, disease and death associated with drugs and that its costs mount every year." A good many Americans,

including police chiefs and doctors, believe that it is time for a change in our failed drug policy. It is our political leaders who are afraid to change. It will take someone with the courage to say that the emperor has no clothes (someone like Senator John McCain, Republican of Arizona) to end our second, disastrous poble experiment The New York Times.

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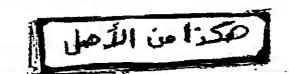
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High on the List of Killer Diseases, Majaria Is Low on Research Cash

WASHINGTON Rich By Daniel S. Greenberg tic cases that have been traced to mosquitoes from malarial regions hitching rides abound

According to report in them explaining at they were

already doings me work or malaria drugs of vaccines. But malar researchers skeptically use that the dis

Long retricted to the Thirl World, malaridmay be

The rejected blarror a consortium called for a sevenyear buildup to a annual level of about \$3 million, with private firm providing 70 percent of th total and

of health research, the sums American government alone cerrby malaria specialists. spends more the \$14 billion And then there is "airport a year on bimedical re-maria." the term for domes-

For the alments of the poor search, while pharmaceotical

malaria, a disease at ranks high for death and asability in poor countries belowy low in research exaditures among rich nation where it is rare to nonexist.

An effort to back out of that bind recently fled when a group of the wors leading tharmaceutical by because it interested down a pressal to establisb a consortin of public and private organizations for research on malar and other thopical diseases.

Japan are also big spenders, in the multibillion-dollar range.

Malaria sickens scores of millions and annually kills an estimated 3 million, including a high proportion of children. The disease is not altogether ignored by the scientific powers of the world, which are almost wholly anchored in the developed world. But in the developed world. But in the developed world. But in the developed world stuff, with annual worldwide expenditures of around \$100 million. ures of around \$100 million.

Of that sum, the U.S. gov-ernment provides about \$25 million, mainly through the Science magazing the compa-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-dies begged off da variety of commercial, leastic and sci-cide and the U.S. Army, which is to the United States, we will increasingly concerned about health threats in tropical areas of potential deployments.

But if money talks, it is saying that malaria is not America's problem. When politics are agitated by public concern about disease, the money flows freely. Thus, the NIH spends \$2.5 billion a year on cancer research, while the army, at the direc-tion of Congress, spends \$135 million a year on breast can-

mobilizing the industrialized ers would happily onfront, world's cientific resources Politically and compercially, against adistant disease. But maybe i is not so distant, thanks o the never-ending boom irair travel.

Though malaria was banished from the United States hy strit application of mosquito-ontro) measures, the diseas is brought home by foundations, overnments some ,000 travelers per year who were infected abroad. and international ealth agencies contributing he balance.

In the global pokkeeping areas of tourism, including Thaind and the Pacific coast involved are minscule. The of Mxico, are noted with con-

And then there is "airport

Look, Up in the Sky! It's a Bird! It's a Building!

NEW YORK — An old news-room joke is that three examples

make a trend. midst of an absolute fad of falling- fate. concrete incidents. On Madison Avenue, on the Upper West Side, in midtown and the theater district. pieces of buildings are breaking off

MEANWHILE

and hitting the sidewalk like, ahern, a ton of bricks.

In the tabloids we used to call it

partment hot line to complain about men chipping:away at an apartment facade without protective scaffolding, and discovered not only that the hot-line oumber in the phone book was incorrect but also that it had been wrong for several years without anyone's noticing.

The Terror From the Sky phenomenon does, bowever, have an It forces New Yorkers to make peace you're eating fettuceine. (When a

By Gail Collins

Manhattan, therefore, is in the with the profound arbitrariness of

For most Americans, disasters occur elsewhere --- fertilizer plants and trailer camps and houses built along the flood plain. New Yorkers hear about the hail of bricks in the Madisoo Avenue shopping district and think, "I went past there last

An empty theater on 42d Street collapses onto the sidewalk about a "chunking," after the inevitable half block from Times Square right lead paragraph that begins, "A before New Year's Eve. Immedicating at" New Yorkers are stunningly philosophical about this sort of thing.

I once called the Buildings De-

 The antomobile is responsible for more violent death and injury than anything else in the United States, hut cars are also protective shells that confer the illusion of invulnerability. New Yorkers are pedestrians, un-armored and well aware that vehicles are bigger, faster and per-fectly capable of chasing them onto the sidewalk.

Cars will, in fact, follow you intn a effect oo everybody who lives here, restaurant and crush you while

restaurant and a toy shop on the same

And what do the authorities say when citizens are hit by a car while having lunch, or flattened by a piece of a parapet while going to pick up

To survive in New York, make sure you're not in the wrong place at the wrong time.

their dry cleaning or - as happened a few years back - buried under a ton of plaster while watching a movie at the neighborhood theater? They were in the wrong place at the wrong time.

It is a deeply New York comment. a tribute to the uncontrollable nature of urban disaster that is both euphonic and urrational. As I see it. somebody is in the wrong place at

Greenwich Village last summer, in patronize the local house of presjuring 11 people, the owner of the fitution on the day of a police raid. meat market next door told a Times But that movie house in the Murray reporter that motorists had previ- Hill neighborhood was not a wroog ously smashed into a tree, an Italian place (even though it was showing 'Psycho III' at the time).

Certainly nobody would want to say that the "Lion King" block on 42d Street is a wrong place after all the money the city poured into glitz-

ing it up. The next thing you know, some-body might suggest that New York City is a wrong place. In the age of Mayor Rudy Giuliani, everyone knows that this is the Capital of the World Whose Best Days Are Yet to

Perhaps that is the reason police officers are permitted less and less freedom in speaking to the press. In this administration you hardly ever hear traditional fatalistic cop-comments anymore like "he's lucky just

Instead, we get reassuring hureau-cratic wisdom from the buildings commissioner about how chunks of buildings always fall down in bad weather - like apples nr very heavy leaves. That's fine if you're not standing in the Wrong Place.

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ease, which is virulent in rithny parts of Asia and Africa, offers little ptential forlong-term profits deven recouping the costs of reearch. The prevention and transment of malagia pose darkting and positives. acia pose dathting scientific problems that many recarchhowever, the vastin disease is a nonstarter.

egions hitching rides aboard U.S.-bound aircraft. Malaria world, they offer impathy and perhips a few this.

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The malasia deplacement of transmission.

There is also deep concern about the development of resistance to widely used drugs for which there are no reliable replacements in the pharmaceutical pipeline.

If malaria becomes a serious problem for the rich nations, it is a certainty that their formidable scientific re-sources will be deployed against the disease, with very good chances of success. The fact is that foresight and compassion are no match

for politics and profits in set-ting priorities for disease reseriously get to work on it. But, sadly, not until then.

The writer is editor-atlarge of Science & Govern-ment Report, a Washington

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Budget Suplus

Regarding Novel Pros-per in Washigton: How to Spend a Buget Surplus" (Dec. 29):

cians are not thinking of how or diversion of its nuclear materials and nuclear technology. The fact is that CANDU must believe that the best nation of a surply would be to part of a small fraction of the national deletation lieutening.

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Canadian Reactor

Regaring "Canada edding Troubled Reafors
Affound the World" (Decl.)
The CNDU reactoroid by Canada is a safe and proven technology. The de-cision by Ontario Hyop to lay up some of its rectors

was based on management is-To suggest that the ractors are being laid up because they are unsafe is abblutely false. An assessmal conducted by an American nuclear review team stressed. clear review tean stressed that CANDU reacors have a

robust design andare inhercutly safe. tly safe. The Canadian eactors being built in Chinancorporate shwn on cable television. by other Camilian reactors around the word.

can the article states, the Candudesia is unique and offers several listinct advan- in minority and their modern tages over its major comperitions. The claim that Canadian reactor are more parts, and Yasser Arafat's incomplex to perate is false famous statesmanship are and the only support offered subjects for some of Israel's is the opinion of unnamed best and funniest televised

''experts.'' The article incorrectly say that other countries operative Canadian reactors are "stry gling" to keep the reactors are CANDU reactors to safe. commung 16 operate saly in Romania, south Koreand Argentina.

that Canadian reactor are senselessness and genins that somehow related to natear characterize Jerry Seinfeld The article also imies weapons programs. To is wrong end deales a distred image of CANDU ales around the world made sells in CANDU. selfs its CANDU techlogy only to countries the have signed the Nuclear Impro-

LETTERS TO THE EDITOR Heration Treaty. Under that paty, a country's commitrent not to develop ouclear capons is subject to inde-endent verification by the ternational Atomic Energy

I was surprised to read that after so many years of U.S. Canada's nonproliferation bidget deficts, which have folicy is the most stringent created a hue debt for future and restrictive in the world generations American politi- and prohibits the misuse and/

ogy is a safe, reliable and environmentally sound method for the production of electricity. It is economical and produces no greenhouse gases. Canadians can take pride in developing a tech-nology that is truly world

Thewriter is president and chief executive officer of Atom: Energy of Canada Ltd., which markets the CANIU reactor.

'Senfeld' in Israel

Rearding "The Seinfeld iror" (Editorial, Dcc. Anericans are not the only one who have a "fondness forccentric New Yorkers."

Seinfeld" is also a populs hit in Israel, where it is the latest design features osing knowledge gained over 15 years of afe, reliable and world-class performance by other Coulding transport of the dily news and the country's dficult dilemmas. Bibi Netyahu's foibles; political al-making; struggles beween the ultraorthodox Jew-

> "Seinfeld" provides the perfect release, not only from the intensity of life in this part of the world but also from standard Israeli slapstick. As a law student in the United States, I learned, during my study breaks, to appreciate the strange mix of and company. Now I have the

pleasure of recounting old "Seinfeld" episodes with my

Israeli friends and col-JOEL SCHMIDT. Jerusaiem.

woman's nature is like a great house full of rooms," she wrote of a failed marriage re-

sembling her own in the 1893 short story "The Fullness of

There is the hall, through which

mal visits; the sitting room, where the

members of the family come and go as

they list; but beyond that, far beyond, are other rooms, the handles of whose doors perhaps are never turned; no one knows the way to them, no one knows whither they lead; and in the innermost room, the holy of bolies, the soul sits alone and

waits for a footstep that never comes." When she was a child, Wharton's unusual sensitivity to her surroundings and her photographic memory for houses

and rooms was "a source of inarticulate

ted caps and the turrets of Rhinecliff."

and she called him "Coddy"), ber family traveled widely in Europe during her childhood. Both "The Decoration of

overstuffed interiors of her mother's

New York City town houses, never fin-

Like Codman (he called ber "Puss"

HE often drew connections be-tween buildings and the people who inhabited them, including ber own family. "From the she wrote in "A Backward

vaguely frightened by ngliness."

By Patricia Leigh Brown
New York Times Service

ENOX, Massachusetts - in the stillness of a Berkshire winter, when icicles hang languorously from the Italian garden is submerged in snow, the extraordinary house that Edith Wharton built for herself here nearly a century ago seems frozen, literally, in time.

Of all the characters she created, Wharton may have loved the Mount, now undergoing a long-awaited restoration, the best. For it was here — where she wrote her first best-seller, "The House of Mirth," in her bed strewn with letters and papers, her writing board and ink-pot perched perilously on her knee and what a friend called "the dog of the moment"

tucked beneath her left elbow - that Edith Wharton consummated what was perhaps her deepest love affair: her ro-

The year 1998 may be the Mount's moment. The current \$2 million exterior restoration is the first phase of a broader \$15 million effort by Edith Wharton Restoration Inc. to restore the rooms and gardens that offer a floor-to-ceiling mirgingly gardens that ror of this "rather housekeeperish" ton Restoration), by Scott Marshall, in which its tumultuous past, and imminent resurrection, take on the cast of an Edith Wharton novel.

In a hot news flash from the turn of the century, research undertaken by resto-ration architects has revealed that Wharton's lavish, cupola-crowned villa isn't quite what it seems. Like Lily Bart in "The House of Mirth," whose beauty and savoir-faire were built on fragile emotional scaffolding, it now appears that Wharton cut corners to save money, using tin instead of copper on the roof and crude tar waterproofing on the ornate Italianate terrace, which sped up the house's deterioration. As the preservation architect John G. Waite put it, in somewhat Whar-

Grand they certainly were. Even as it was being built in 1902, the Mount whose Gilded Age front is now shrouded, its marble balustrades and fieldstone



A New England mix of English, French and Italian.

garden walls faltering — was more than a Life." "There is the hall, through which house. One of the few National Historic everyone passes in going in and out; the Landmarks created by a woman, it was a drawing room, where one receives forumptuous laboratory for Wharton's ideas on architecture and design, set forth ration fabric collection by Schumacher).

writer's being. The house, where she lived from 1902 until 1911, is also the subject of a new honk, "The Mount: Home of Edith Wharton" (Edith Wharton as it became a decorating manual for robber barons. Its observations are uncannily relevant to today's misery," she wrote, "for I was always Upholstered Age, passionately urging that a house's architecture be allowed to speak for itself while decrying the "modern litter of knickknacks" and windows "dressed up in ruffles" reminiscent of lingerie.

"The modern upholsterer," she ob-served, "pads and puffs his seats as though they were to form the furniture of scurely conscious of a queer resem-

a lunatic's cell."

The Mount was officially designed by
Francis L.V. Hoppin, with interior defortable borne, between the granitic exterior of
Aunt Elizabeth and her grimly comfortable borne, between her hattlernentailing by Codman. But the house, scene of triumphs and tragedies, including the collapse of her marriage, was pure Wharton, from the entrance hallway intonian fashion. "Her ideas were grander spired by Italian grottoes, with textured than the money she had." spired by Italian grottoes, with textured stucco walls that simulate the effect of stucco walls that simulate the effect of Houses" and the design of the Mount dripping water, to the stone terrace may be a reaction to the oppressive, where friends like Henry James gathered on moonlit evenings.

"She had a deep sense of place and

of houses and chocolate-colored coating of the most peculiarly American mix of European said the historian hideous stone ever quarried." styles: modeled on Belton, the classic R.W.B. Lewis, who won the

Wharton's first architectural endeavor Pulitzer Prize for his 1975 biography of Wharton. "Each Island, an "intolerably ngly" house she and a polite white stucco front with room is distinct, with its own and her husband, Teddy, bought after green shutters — the ultimate New Engshape and purpose, but they their wedding in 1885 and hired Codman, are all interrelated, reflecting then a relatively obscure young Boston her sense of the oneness and architect, to redo. The Mount would be manyness of life. She designed and oversaw the buildberself before her death in France in ing of the house. It's a unique As James, a frequent visitor, observed "It is an exquisite

and marvelous place, a del-icate French chateau mirrored most wholly created her ideal world.
It sits firmly planted on a hillside in a Massachusetts pond."
In books and life, Edith overlooking two walled gardens linked by sculptured terraces now in varying states of picturesque decay. In better father's library, which her mother rarely days, a 'lime walk' of linden trees lay entered and where her love of books was Wharton believed that houses were windows onto the soul, especially her own: "I have sometimes thought that a

styles: modeled on Belton, the classic English country house, but with a French was at Land's End in Newport, Rhode floor plan, an Italian garden and terrace her kingdom.

the first of three houses she would build Houses" permeates every room, particularly her notions of intricately carved 1937. (The others were the Pavillon Colombe in St.-Brice-sous-Foret, north of Paris, and Chatean Saint-Claire, on the Riviera.) It was the Mount where she struck hy the radicalness of a woman's private home until 142, when it was the Mount where she struck hy the radicalness of a woman's private home until 142, when it was the Mount where she struck hy the radicalness of a woman's private home until 142.

building such a room for herself.

Devoid of cracked-leather sitting chairs and pipe smoke, it also speaks to Wharton's poignant memories of her between the gardens. The house is a nurrured. She referred to it wistfully as Restoration to huy anortherve it.

"the kingdom of ny father's library.
The library will bithe first room to be restored. In many says, it is the key to ber kingdom.

Over time, the wunt became a 'gotgreen shutters — the ultimate New England archetype.

Though most of the original furniture is gone, the spirit of "The Decoration of tranged, was in char of its upkeep unit." their mutual affair and his embezzlo-ment of her trust fids ended the marriage and prompteder move to France I where she lived uil her death. The acquired by the Fooblow School for Girls and became a omitory.

In 1978, when theouse was under threat of condominium evelopment, the theater company Sheetpeare & Corrented it and set up to Edith Wharton

ORLD'S MOST EXTENSIVE NEWS-

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BOOKS

THE MAGIC KINGDOM Walt Disney and the American Way of Life

Houghton Mifflin.

Reviewed by Michiko Kakutani

HE was the creator of the world's most famous mouse and the world's most vocal duck, a man hailed as the 20th-century Aesop. Sergei Eisenstein acclaimed his work as "the greatest contribution of the American people to art," while James Agee denounced him as a fraud who had corrupted the American folk tradition.

Gilbert Seldes saw him as a revo-lutionary who had coyly undermined the rationalist ethos of the modern world, while a later critic shrugged him off as
"America's foremost dispenser of

In his new book, the historian Steven Watts ratifies both views of Walt Disney — as an innovative artist and a willfully commercial entrepreneur. He sees Disney as "a major architect of modern Amer-

ican culture" and "perhaps the pre-em-inent interpreter" of the nation's fantasy life, an entertainment magnate whose creations uncannily echoed mainstream the Depression and the Cold War.

'In the broadest sense," writes, "Disney smoothed the jagged transition from the values of the Victorian age to those of a fledgling consumer America. In addition, he helped to dismantle barriers between highbrow and lowbrow cultural activity and to standing bridge the gulf that separated the realistic art of the 19th century from the modernism of the 20th.

"Throughout, he negotiated the a market treacherous waters that lay between art 1950s.

and politics, synthesizing powerful impulses in subtle and soothing ways. Disney had a foot in the past and the present throughout the 1930s, and he helped Americans accommodate to a new age by appealing to older traditions while forging a new creed of leisure, self-fulfillment and mass consumption. More than a mere cartoonist or entertainer, he managed to become, to use his own phrase, a spokes-

man for the American way of life."

Part biography, part cultural history,
"The Magic Kingdom" provides a
vivid portrait of the man behind Mickey his anomalous achievement within a so-Watts cial and aesthetic context. We are left with an appreciation of just why Dis-ney's work resonated so strongly in the popular imagination and of how it evolved over six decades.

We also come away with an under-standing of bow shrewdly Disney anticipated developments in mass culture, from the selling of the in merchandise in the 1930s through the use of television as a marketing and publicity device in the

As Watts points out, Disney's work had roots in his childhood in Marceline, Missouri. Though his peripatetic family actually spent less than four years there, Disney would remember that period as an Edenic idyll, and be would mythologize his memories, going so far as to reinvent his hometown with Disneyland's Main Street. His otherwise rootless childhood, Watts argues, left him both acutely aware of the dislocations of historical change and nostalgic for a

A similar tension between tradition and modernity would inform his most powerful work, the Mickey Mouse and Silly Symphony shorts made during the 1920s and '30s and such pre-World War II features as "Snow White and the Savet Durante" and "Savet Durante". Seven Dwarfs" and "Fantasia." In such works, Disney grounded elements of modernism — surrealism, primitivism and playful suhversion — in the familiar tropes of 19th-century sentimental realism, while gently satirizing the excesse and weaknesses of contemporary so-ciety. The result was a popular, yet in-novative art that, for a time at least, captured the imagination of both the public and many highbrow critics.

THE adventurous aesthetic of early Disney films, bowever, gradually gave way to a more conservative, formulaic style that relied, increasingly, on cute, perky characters and mandlin plots that predictably ratified traditional fam-

This was partly the result, Watts suggests, of changes at the Disney studio (most notably, a growing bureaucratization and loss of esprit) that came about after a 1941 strike and the confusions wrought by World War II. It was also the country to the suggests of Disney's own result, he suggests, of Disney's own Cold-War embrace of old-fashioned patriotism and middle-class mores.

Like many Disney commentators, Watts sometimes goes too far. He suggests that nature films like "The Vanishing Prairie" depicted "a taming of natural forces that appealed to an American audience becoming increasingly suburbanized and family oriented," turning "the survival-of-the-fittest equation" into a lesson in morality.

Happily for the reader, such excursions into overanalysis are rare in what is otherwise a terrifically readable and illuminating book.

New York Times Service

CHESS

By Robert Byrne

IN the diagramed game Gregory Kaidanov of the United States de-Vladimir Malaniuk from

After 11 Nfl the position bears a resemblance to a Ruy Lopez, one in which White has bypassed the Marshall Gambit hut has allowed Black to develop his king hishop outside of his darksquare center pawns.

After 14 Ne3, the time would have

been ripe for 14...d5 with the expectation of 15 Qc2 Qd7, followed by 16...Rad8 and effective play in the center. Instead, Malaniuk's 14...Qd7?! 15 Nh4! d5 16 Qf3! let Kaidanov defend the e4 pawn with an aggressive development. In this situation, 16...de 17 de Qd3 18 Nd5! Qf3 19 Nf3 Rac8 20 Nf6 gf 21 Nh4 would yield White an endgame advantage be-cause of the doubled black f pawns. If 16...Rad8, then 17 Nhf5 Qe6

(17...Re6 comes to the same thing) 18 Qg3 g6 19 Nh6 wins a pawn.



Position after 32 . . . Qb3



After 17 Nd5, the result of 17...Nd5 18 ed Nb8 (18...Ne7 19 Re5 just costs Black a pawn) 19 cd ed 20 Nf5 would be a

crushing position for White.

After 19 cd, recapture with 19...Nd4 would be met by 20 Nd4 ed 21 Qf5 Kh8
22 Nf6 gf 23 Rec1 Qd6 24 f4 with advantage to White. For the moment, Malaniuk's 20...Ne8 21 Rac1 g6 22 Nh4 Res had held the enemy at bay, but Kaidanov's 23 f4 Ne7 24 f5! renewed his attack. If 24. Rd6, then 25 Ne7 Qe7 26

e5 Rb6 27 e6! breaks the defense.
To escape this, Malaniuk tried 24...gf,
but after 25 Ne7 Qe7 26 Nf5 his pawn formation was a mess and his king un-safe. Perhaps he thought that 26...Q5 27 Qf2 Rd8 28 Nd4 Rf6 29 Nf3 Qb5 would keep him from falling behind in ma-terial, hut be surely had not reckoned with Kaidanov's 30 e5! Rf4 31 Rc4! Rc4 32 bc Qb3 33 Nd2! Qd3 (33...Qb2 34 Qf7 Ng7 35 Ne4! would have been worse) 34 Qf7 Kh8 35 Nf3.

Malaniuk played 35...Qh7, but seeing 36 Qf8 Qg8 37 Qh6 Qh7 38 Qf8 Qg8 39 Qe7 Rd3 50 Re4!, he gave up.

DINING IN ASIA

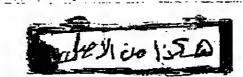


Patricia Wells, the International Herald Tribune's restaurant critic, returns to Asia o bring readers up to date on the Asian table. Beinning January 16th, you can follow her each week as she reports from Shanghai, Singapore, Hong King, Bangkok and Chiang Mai, sampling dim sumdevouring spicy crab, visiting cooking schoolsgrazing side walk food stalls and eminent tea horses.

What's new? What's trendy? What's ahea? Read about it on Fridays in the Leisure pagls.



THE WORLD'S DAILY NEWSPAPER www.iht.com



INTERNATIONAL HERALD TRIBUNE, TUESDAY, JANUARY 6, 1998





Prosper and Martine Assouline with one of their best-selling "Fashion Memoir" books.

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THE WORLD'S DAILY NEWSPAPER

Distilling Fashion 'Memoirs'

Line Your Shelves With Books and Style

By Suzy Menkes International Herald Tribune

ARIS - What! You are a style freak and no one gave you a "Fashion Memoir" as a holiday gift? No neat little book with glossy pictures to stroke? No lucid, informative (but brief) text to read? What kind of friends do you have?

The mini-series that distills a designer to essential images and well-chosen words has been a recipe for publishing success in the 1990s. Since Editions Assouline was set up in 1994 by a style-conscious and-wife team, the small-format "Memoire de la Mode" has made book-aholics out of the fashion crowd.

Last year 400,000 slim volumes were sold around the world, mainly on fashion, but also encapsulating artists, photographers and classic trademarks like Tiffany or

shelf, they sum up the 20thcentury universe of style, from the sweeping ball gowns of a historic designer like Charles James through the impudent images of Thierry Mugler, one

of the releases for 1998.

Put end-to-end on a book-

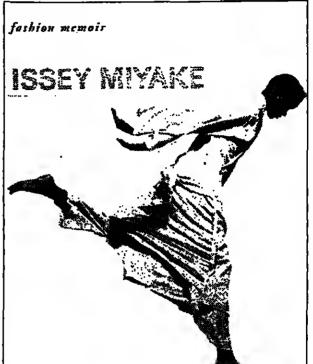
'The more the collection grows, the more it seems like one big book - the choice is important because it is about who has marked or is marking the history of fashion," says Martine Assouline, the director, editor and inspiration behind the Paris-based imprint.

When Assouline, and her art-director husband, Prosper, dreamed up the idea of a publishing house, it was for the quiet, personal pleasure of creating a handful of books oo which they could

N early example was "Entree des Fournisseurs" (Tradesmen's Entrance), a coffeetable tome that chronicles in succulent and poetic full-color pictures the dying couture skills with feathers, macrame, beading and lace. Or the book devoted to the Panama hat from its grassy fronds to its emblematic masculine elegance.

Such books still exist. In the offices tucked into the gray Paris rooftops near the Place Vendome, Prosper Assouline, who has his own consultancy, takes time off to inspect two pet projects: a largeformat book of images by the photographer Peter Lindbergh, and a series recording in delicate and loving detail the symbols of religions — Buddhism,

Christianity, Islam, Judaism.
But Editions Assonline is now as-



Issey Miyake's washed silk clothes.

sociated with the mini-book, created with the same finesse and quality as the originals, but selling at just 99 francs (\$18.95 in the co-editions with Universe Vendome in the United States, or £12.95 in the British editions with Tharnes and Hudson),

Accessible and affordable — those buzzwords of the 1990s are Assouline's story. But the concept was also to create



Coco Chanel, by Man Ray, 1935.

collectibles, making them into objects of desire that would sell for less than 100 francs.

We wanted all the quality of a big book but reduced to a small size — and we always had the idea of a gift, of something that you could take to your host for dinner," says Prosper Assouline. His eye and experience as advertising art director for luxury companies is evident in every page of the "Fashion Memoirs" colorful images splattered across the fold for Yves Saint Laurent's rich hippie clothes; or a focus on the grainy blackand-white photograph of Elsa

Schiaparelli in leopard hat. Illustrations also play a starring role and many of the early books in the "Memoire de la Mode" series encap-sulated a designer's work with a sketch, like the curvaceous hour-glass silhouettes of Azzedine Alaia.

ITH its full-color printing, visual enerosity balance between the layish and the pertinent, the approach is very much that of a glossy magazine. And that makes Martine Assouline a

very fine editor. For instead of creating sound-bite journalism to wrap around the pictures, the words themselves are essays in style. The writers (mainly French) include Francois Baudot; Pierre Berge, on his partner Yves Saint Laurent, and the museum curators Lydia Kamitsis of the Musee des Art de la Mode (on Paco Rabanne and Vionnet) and Richard Martin of the Metropolitan Museum in New York (Charles James and Versace).

Here is Laurence Benaim, admirably translated, on Issey Miyake's Tokyo studio: 'They spread out one moves, rolls the cloth . . . runs his band over Pleats, as if he were stroking someone's hair. It's almost as if the room changes size to allow them space to move

The success of the "Memoirs" means that they are already translated into seven languages from Japanese through Portuguese, with Russian and Chinese versions under discussion. As well as developing the photographic area, with books on Man Ray and Egyptian hieroglyphics, and enlarging the art portfolio, a new series on Hollywoodstyle stars is planned for next summer. How does Martine Assouline analyze

her unexpected success?
"What I hear most often is that people

like the spirit of the book — and I would say that is a question of the accent," she says. "We wanted to find something that is very elegant and aesthetic, but accessible. A big book discourages a lot of people; a small one is appealing."





Singer Françoise Hardy in Paco Rabanne swimsuit. Thierry Perez design for Alaia's 1991-'92 collection.

CROSSWORD

10 Slanted type

11 Maine resort

23 Once, once

28 Porch chair craftsman

30 Troubles

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 High-quality writing medium 25 Flowing tresse O New York Times/Edited by Will Shorts.

Galliano: Wild Boy Dresses Up

ARIS - There is something worthy about people who iron. It suggests a dutiful devotion to duty and a tidiness of mind and surroundings. Not quite the spirit that evokes the hedonistic, romantic, fantastic world of the maverick British designerturned-French couturier. John Gallieno.

So when Galliano is supposed to have said, "When it comes to pressing, I'm the best," it is easy to imagine a subtle misprint in "Galliano," by Colin McDowell (Weidenfeld & Nicolson). Surely fashion's favorite wild boy, who is pictured in many disguises from Heidi braids to Persian prince (complete with jeweled breastplate and cockade), must have said, "When it comes to dressing, I'm the best." Certainly the pictures of the fabulous gowns he has created in countre — from gilded crochet spider's webs through Boldini ball gowns — prove that he is as good at dressing up clients as he is himself.

Yet there is something sanitized about this book, which tames the divine madness of Galliano to a few passing references to the London club scene and

never even gives the arresting images

the breathing space they deserve.

The brief glimpses behind the scene of the designer's theatrical persona suggest a fascinating tale trying to escape from the mix of potted fashioo history ("The thing which makes Peris paigue ("The thing which makes Paris unique in the world's fashion capitals...") and fashion-speak ("It was, as fashion folk say, a 'moment'").

There is Juan Carlos Antonio Gallians being truth to do a shall a say a fashion folk.

liano being taught to dance the flamenco oo the kitchen table by his Spanish mother, when 6-year old John moved from the Latin warmth of Gibraltar to

gray, buttoned-up South London.
Galliano describes himself as a "club demon," mixing with the outrageous Leigh Bowery and Boy George and catching "the frenetic mood of young London in the mid-eighties." More! More!

While it is interesting to see how the designer transforms a historic dress into something sexually vibrant and artistically modern, the real Galliano seldom escapes from the cordon sanitaire that McDowell has cast round his subject.



Suzy Menkes Galliano's Union Jack theme.

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John Smith, GM chairman, speaking at the North American International Auto Show in Detroit, where Chrysler showed its Jeepster concept.

Detroit Joins Race to Produce a 'Cleaner' Car

Big Automakers Unveiling Prototypes After Japanese Show Off Fuel-Efficient Models

By Keith Bradsher New York Times Service

DETROIT - Having fiercely but warming treaty and other environmen--ral initiatives last year, U.S. automakers are stepping up their research into cleaner, more fuel-efficient cars, and are making ambidous plans for bringing their advanced designs to market. General Motors Corp., until now skeptical about the demand for such vehicles, on Sunday unveiled several prototypes of midsized cars that would get 60 to 80 miles per galloo (about 96 to 128 kilometers per 3.80 liters), and said that one of the designs would be ready for mass production in 2001 and another

by 2004. The automaker called for new federal subsidies to speed the introducoon of such vehicles, including tax credits and government installation of equipment to recharge electric vehicles.

Harry Pearce, GM's vice chairman, also said in an interview that while the new vehicles were likely to be introduced first to Europe, where high gasoline prices make them more attractive, the automaker was prepared to support a modest increase in U.S. taxes on gasoline and other fossil fuels to make high-mileage vehicles more popular in the United States.

Ford Motor Co. planned a press conference Monday to display its latest inventions, including a prototype for a midsized sedan weighing just 2,000

And on Tuesday, Chrysler Corp. plans to show off its latest design for a car powered by both diesel and electricity.

"No car company will be able to thrive in the 21st century if it relies solely oo internal-combustion engines," said John Smith Jr., GM's chairman and chief execuove, adding that the company was stepping up its research spending and focusing oo bringing the new vehicles to market.

Some of these moves may partly reflect a desire to answer criocs of the automakers' soaring sales of gas-guzzling sport-utility vehicles. Selling more high-mileage, advanced-technology vebicles would also allow the automakers to sell more low-mileage gas guzzlers and still meet federally mandated averages for the overall fuel economy of the vehicles they sell. All the automakers bave also been cautious about insisting that they will not build advanced, high-mileage cars if no one wants to buy them,

But the tone of Detroit executives in talking about high-mileage vehicles has nonetbeless been shifting in recent weeks. After years of dismissing advanced-technnlogy vehicles as impractical and too expensive to build, the execuoves are beginning to show

The Detroh automakers' sudden en-

See AUTOS, Page 15

VW Unveils a New (Putt-Putt-Putt Optional) Beetle

By Robyn Meredith

NEW YORK - When Melissa Jess tools around Phoenix, Arizona, in her 1962 red, white and blue-striped Volkswaged Beetle - painted to resemble the car in the 1969 movie "The Love Bug" -- she talks to it as sweetly as she can.

'Please let me drive you today." she invariably says when she starts the sear. "Be nice," she says, when, as often happens, it stalls.

Mrs. Jess, 45, a member of more than a dozen Volkswagen fan clubs, knows that in many respects her "Herbie" is oot a great car, or even a reliable car, but she loves her Bug dearly. Lately, she has been telling

'Herbie' to get ready for the arrival of a younger brother — "the New Beetle," introduced Monday at the big Detroit anto show.

The company is hoping that the quirky aura and phenomenal popularity of the old Bug — by far the biggest-selling car design in history — will rub off on the new, radically redesigned but still beetle-like successor.

"It only harks back to that general

shape," said Charles Ellwood, design director for Volkswagen in Simi Valley, California, where the New Beetle



The 1998 version of the Beetle arriving at the Detroit autobmobile show.

was created. "It is a completely mod- and stick in their favorite flower.

Volkswagen has also gone to great lengths to evoke the Beetle's flowerpower past. The new version comes with a feature oo other car has: a 3-inchtall (7.5-centimeter-tail) bud vase on the

The New Beetle has a tough act to follow. Its predecessor has oot been sold in the United States since 1979 but remains a cultural icon. .

People still wave when they see them on the streets, and several nadashboard. Drivers can fill it with water tional fan clubs for owners of the orig-

old Beetle's sound remains distinctive - the onmistakable pun-putt-putt of the engine is recognizable well before the little car rounds a corner. The company is pinning high hopes on the New Beetle, which will go on

inal Beetles are going strong. Eveo the

sale in North America in mid-March. Volkswagen projects annual sales of 50,000 to 60,000 in the United States. Initial production is aimed only at North America. A VW spokesman at the company's headquarters in Germany said that the new car would be introduced in Europe in the fall and that, if demand there materializes, Volkswagen would raise capacity at its Mexican factory to 100,000 cars a

plans to market the model in Asia. It remains to be seen whether the oew car can add a chapter to Beetle history. which began in Nazi Germany and decades later produced a car that was

year. The company has no immediate

wildly popular among baby boomers. The New Beetle will be far more expensive than the original. Sticker prices are expected to start at about \$16,000 — below the roughly \$20,000 price for the average car sold in America but well above the \$9,500 charged for the Hyundai Accent, the cheapest

See VW, Page 17

Soros, Visiting Korea, **Expresses Confidence**

Financier Weighs a Substantial Investment

By Kevin Sullivan Sashington Post Service

SEOUL - After meetings with South Korea's next president and his advisers, George Soros said Monday that the nation's economic crisis was fixable and that be was considering a substantial new investment in its trou-

The South Korean stock market reacted favorably to the comments by Mr. Soros, climbing 2.8 percent to finish at 396.49 on near-record volume. Analysts said that encouraging comments from one of the world's most influential investment gurus led domestic and foreign investors to snap up shares.

But the Soros bump to the markets was limited. On its first day of trading in the new year, the beleaguered South Korean won slipped 4.4 percent against the dollar, ending at 1,765, from the previous 1,691. And most of the othereconomic news continued to be grim.

The market looked pretty good today, but I think this is lemporary, said David Choi, and analyst with Daewoo Securities. "Soros gave the market a boost, but there is still a strong feeling that corporate bankruptcies are a more powerful factor than a large investment by George Soros, which is only a possibility at this point.'

Mr. Soros, wrapping up a three-day visit to a nation desperately in need of encouraging news, said, "This is a very severe problem, but I think it can be overcome within a relatively reasonable period of time by a policy of radical restructuring of industry and of the fi-

Other Asian leaders, especially Prime Minister Mahathir bin Mohamad of Malaysia, have blasted Mr. Soros as a oation-wrecker whose aggressive investments are a primary reason that Asian nadons from Indonesia to Thailand to South Korea are suffering unprecedented economic meltdowns.

But the American billionaire was an honored guest in Seoul, visiting at the invitation of President-elect Kim Dae Jung and dining at Mr. Kim's bome.

Asked about the difference in attitude between Mr. Kim and Mr. Mahathir, whom Mr. Soros has sharply criticized, Mr. Soros smiled and said, 'One of them must be wrong.

Mr. Soros said Mr. Kim had per-suaded him of his grasp of the financial crisis, which has led the world's 11thlargest economy to accept a \$60 billion emergency bailout led by the International Monetary Fund. Critics have said doubts about Mr. Kim's economic acumen have made foreign investors jittery about returning to Korea with infusioos of mucb-needed new capital.

'I saw a clear understanding of the problem and a clear vision of where to go, and that is what makes me interested enough to invest," said Mr. Soros, who withdrew virtually all of his investment in South Korea last year but says he now plans to send a team of analysts to Seoul this month to consider "substanually increasing his presence.

On the streets of Seoul, thousands of worried depositors besieged 14 troubled merchant banks. The government suspended operations at those banks last month while it considered how to deal with their bad loans and risky invest-

ments gone sour. Depositors bad been denied access to those banks until Monday, when many



George Soros, in Scoul on Monday.

of them opened to begin returning deposits to their customers. So many anxious people turned up Monday that security guards were used to control crowds; bank officials pleaded with their customers to give the banks a second chance.

With liquidation of many of the banks the most likely result, that seemed like fairly bad advice to depositors, many of whom had their life savings tied up in the banks and waited in line for hours to get their money back.

The South Korean government has

said it would raise 3 trillion won (\$1.7 billion) to cover withdrawals guaranteed by deposit insurance programs. But jitters remain, especially with the failure f other major financial institutions.

Two troubled banks, Korea First Bank and Seoulbank, will be aucoooed by the government this month, and there is great speculation here that they may be bought up by large American

In a speech to his party members Monday, President-elect Kim emphasized the hard times ahead as South

Korea faces the prospect of widespread layoffs and soaring unemployment in the restructuring mandated by "It is necessary for every stratum of

society to share pain and there will be no repeat of the past, in which only a certain group bore the burden while others went untouched, 'he said.

South Koreans have responded heartily to Mr. Kim's calls to pitch in. Since the IMF deal was anoounced last month. the government has asked people to turn in any U.S. dollars they have to bolster the country's sagging foreign currency reserves. KBS television reported Monday night that more than \$1 billion had been collected in U.S. bills and enins.

The government has also asked for gold, which can be sold for foreign currency. Monday was the first day to turn in gold, and people came to banks with more than 3.25 metric tuns of it,

valued at about \$33 million, KBS said. The gold came in every form from rings to bunons. A baseball player, Lee Jong Burn, received a gold basehall last summer for being named MVP of the South Korean professional leagues. On Monday, his father turned in the ball.

At U.S. Companies, Many Heads Have Rolled — Right Into the Dough

By Adam Bryant

NEW YORK - Looking back over a year in which many high-profile ex-ecuoves abruptly left their jobs, one question seems hard to shake: Can't anybody play this game?

Often, the answer seems to have been a resounding "no," even though some executives have been amply rewarded for playing it badly. Consider some of the departures that

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received the most attention in 1997:

· Barely nine months after John Walter was recruited to lead AT&T Corp., board members pushed him out of his job as president in July. Walter Elisha, an AT&T director, made the remarkably blunt comment to reporters that Mr. Wallacked the intellectual leadership to lead AT&T." Mr. Walter left with a

severance package of \$26 million. · Also in July, the board of Apple Computer Inc. ousted the chairman and chief executive, Gilbert Amelio, after a

CURRENCY & INTEREST RATES

Jan. 5 Libid-Libor Rates

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year and half during which he failed to not to renew the contract of Ronald turn around the troubled company. For Allen, chairman, chief executive and ending his contract early, the board paid

Mr. Amelio \$9.2 million.

• In October, Ronald LeMay, chairman and chief executive of Waste Management Inc., quit after only four months to return to his previous job as resident of Sprint Corp. There were other departures of top

executives, 100, though these were The board of Delta Air Lines decided

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a criminal investigation of whether the company broke the law in its pursuit of profits. He was given almost \$10 million in severance. William Smithburg left Quaker Oats

Co. after the company's disastrous handling of its Snapple brand — nearly \$2 million of its investment in Snapple was wiped out every day until Quaker sold the division in March for a fire-sale price. Mr. Smithburg received severance pay of \$875,000.

In all, the last year left a distinct

president, and gave him a \$4.5 million

severance package.
Columbia/HCA Healthcare Corp.'s

chairman, Richard Scott, resigned amid

impression of executives and directors who were often richly compensated for

For example, by many accounts, Mr. Walter of AT&T, who was new to the telecommunications industry, did not immerse himself in the mechanics of the business, and even waited mooths to pay a call on the chairman of the Federal Communications Commission.

The AT&T board also allowed mistakenly, in the eyes of many -Chairman Robert Alleo to continue wielding influence after Mr. Walter was brought in to succeed him.

When Mr. Walter disagreed with Mr. Allen on key policy issues, Mr. Allen found more support among his longtime allies on the board. By contrast, C. Michael Armstroog, the former Hughes Electronics chairman who was chosen to ruo AT&T in the wake of Mr. Walter's ouster, made Mr. Allen's departure

a condition of employment. The Apple board gave Mr. Amelio a package that was financially rewarding whether he succeeded or failed. The board has also created something of a revolving-door management style that

grows more expensive with each turn. When John Sculley left in 1994, he received \$3 million. His replacement, Michael Spindler, received between \$3 million and \$4 million when he left.

In Mr. LeMay's case, he apparently found something on closer inspection of Waste Management that made him doubt his ability to turn the company around.

The broader problem, according to specialists in corporate governance, is partly that the hero worship of chief executives is so pervasive that many of them do not feel a need to do the kind of homework and build the kind of alliances with board members that the job requires. Directors also often consider the management skills of newly recruited executives easily transferable among different industries, and have high expectaoons that leave little room for coaching relationships with their new hires.

The costs of misguided maneuvers on the part of boards and chief executives can be high. There is the cost of the severance packages, which executives can demand when they are hired because of the tight market for talented leaders. Boards also grant rich severance pack-ages to help assuage the guilt they feel in making a bad decision in the first place.

The richest pay package to buy out a contract last year was granted to someone who was not even being dismissed. Occidental Petroleum Corp.'s chairman, Ray Irani, was given \$95 million by his board to buy out a strikingly lavish contract and replace it with

To Our Readers

Reginald Dale is on vacation. His column, Thinking Ahead, which appears each Tuesday and every other Friday, will resume this Friday, Jan. 9.

one that put more pay at risk. In his original contract, Mr. Irani was given \$1.9 million in annual salary. guaranteed stock options, restricted stock and bonuses. The contract was also automatically renewed daily for a seven-year term.

The new contract lowered his salary, gave the board discretion over bonuses and removed the automatic renewal provision. In announcing the change, the board said that buying out the old contract would "extinguish significant existing liabilities,"

The transition to a new leader can add other expenses. There is the cost of a signing bonus, and there are relocation costs. Typically, there is also a trickledown effect from dismissing the chief executive. After Leo Mullin was brought in to run Delta, for instance, he dismissed Chief Execuove Thomas Roeck, saying he was not right for his team.

Dismissing the chief executive is not a bad idea in all cases. After all, people sometimes do not do their jobs as well as expected.

What is more, analysts say, boards in general are at least displaying greater unity than they were earlier in the decade, when problems at companies such as General Motors Corp., Sears, Roebuck & Co. and Kmart Corp. were allowed to drag on for years before the

boards acted. But more often the dismissal of the chief executive, and the anendani publicity about rich severance packages, obscures what may be the real problem, said Nell Minow, a principal of Lens Inc., a Washington-based investment group

that is active in shareholder issues. If things got so bad that they had to fire the CEO," she said, "then the board needs to do an immediate self-assessment to figure out where they went wrong and what they need to do to make sure it doesn't bappen again."

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MacWorld Wonders: What Is Jobs Planning for Apple?

SAN FRANCISCO -- As the Macintosh faithful prepare for the MacWorld trade show this week, Mac users, analysis and Wall Street are all wondering if Apple Computer Inc.'s interim chief executive. Steve Jobs, has anything up his sleeve, At the last MacWorld in August, Mr. Jobs

stunned the industry by announcing a \$150 million investment in Apple by its former arch-rival, Microsoft Corp., and a shake-up of Apple's board of directors that included Mr.

Jobs joining the board. As Apple's search for a permanent chief executive takes varying twists and turns, many are hoping Mr. Jobs will pull another surprise at MacWorld, such as announcing he will head the struggling company or will name someone else as chief executive. Despite hopes on Wall Street for positive developments, Apple's shares fell 37.5 cents

Monday to close at \$15.875. But most analysts and Apple watchers do

The Dow Jones industrial average

7,978.99 after rising to 8,022.59, its

first time above 8,000 since Dec. 17.

The 30-year bond yield dropped to

5.74 percent, its previous record-low yield, 5.78 percent, came on

Oct. 15, 1993. That was when the

decliners by a narrow margin on the

New York Stock Exchange, where volume was up sharply from Fri-day's anemic post-holiday pace.

Among broader market indexes, the Standard & Poor's 500 rose 2.09

composite index rose 12.60 points to

The yield on the bond dropped

after the chairman of the Federal

Reserve Board, Alan Greenspan.

suggested that the central bank's

next move could be to lower interest

rates. Investors said falling rates

would help improve the attraction of

stocks if weak overseas economies

dent U.S. profit growth.

Advancing issues outnumbered

Dow traded at 3,629.73.

1,594.13.

not expect any major news at the show, which starts Tuesday.

"What Jubs is going to do -- who knows? You can't get blood out of a stone," said Lou Mazzucchelli, an analyst at Gerard, Klaner Mattison, adding that he did not expect a chief executive to be named. "I'm not expecting to bear anything. I would be very surprised but you can't rule it out."

Apple has been looking for a chief ex-ecutive since July, when the former head, Gil Amelio, was ousted by its board.

Because Mr. Jobs is known for making dramatic announcements, analysts said they could not bet against the element of surprise." But they ooted that the rumor mills were especially quiet in Silicon Valley, especially because, like many companies there, Apple had been technically shut from Christmas Eve until the New Year.

Analysts said that one of the biggest product announcements expected was the first upgrade in almost two years of Microsoft slogan.

Stocks Rise on Outlook for Low Interest Rates

Corp.'s office suite of applications for the Macintosh.

Mac users will get a very powerful tool

that to me is the biggest news of the
show," said Tim Bajarin, president of Creative Strategies Inc. of San Jose, California. "I think we will bear a progress report from Steve. He will also talk about the on-line store, how sales are doing. He will use it as another rah-rah rallying point. I am positive they will not announce a CEO."

Instead. Apple will trot out actors, athletes and thinkers who will be touting the Mac for those who "Think Different." including the actor Gregory Hines, the heavyweight champion Muhammad Ali, the Nobel Prize winner Donald Glaser and the actress Jennifer Jason

In this separate keynote, these celebrities will demonstrate how they are using Apple technology in their creative lives, tying inwith Apple's new advertising campaign and

International Business Machines Corg. was also expected Monday to unveil a fasters. PowerPC processor, a 275 megahertz version of the PowerPC.

Other news will include software update announcements on Rhapsody, Apple's nextgeneration operating system and the announcement of the next version of the Mac operating system, version 8.1.

Apple already launched a slew of new Power Macintoshes in November, based on the G3 PowerPC processor and at the same of the G3 PowerPC processor and at the G3 PowerPC proces time announced it was selling Macs over the Internet Analysts said the new Macs were selling well, but that sales of the older Macs had stalled and further price cuts were established pected to reduce the inventories at some dealers.

Apple will report its first-quarter earnings Jan. 14. Wall Street expects the company to report a loss of six cents a share, but some analysts are hoping for break-even earn-

Very briefly:

SBC Communications Inc. said it had agreed to buy Southern New England Telecommunications Corp. for \$4.4 billion in stock in a move to expand its local phone husiness beyond the southwestern United States.

• Sara Lee Corp. plans to sell nine U.S. yarn and textile plants to National Textiles LLC for an estimated \$450 million as rose 13.95 points to close at part of a plan to focus on selling instead of manufacturing undergarments.

• Bowater Inc., the largest U.S. maker of newsprint, confirmed it was in talks to buy a stake in Halla Pulp & Paper Co.'s newsprint mill in Korea, as it seeks a low-priced Asian

investment amid the regioo's economic turmoil. Sony Corp. said it would form an alliance with Nextlevel Systems Inc., paying \$188 million for a small stake in the maker of advanced digital TV set-top devices,

• Ford Motor Co.'s chairman and chief executive, Alex Trotman, said he was confident the automaker would report its seventh straight quarter of year-on-year profit increases in the fourth quarter, and post record profits for the full year 1997. Hewlett-Packard Co. plans to unveil a new personal compoints to 977.09, while the Nasdaq puter with a base price of \$799.

Weekend Box Office

LOS ANGELES -- "Titanic" dominated the U.S. box office over the weekend, with a gross of \$32.2 million. Following are the Tnp 10 moneymakers, based on estimates for Friday through Sunday.

get on the earnings front."

NEW YORK -- Stocks rose Falling yields make returns on interest rates are law and borrowing Monday, led by shares of J.P. Morstocks more attractive, while sliding activity is brisk, paced the market's gan and semiconductor makers such borrowing costs help companies save mnney when financing their as Intel, as record-low yields on the business. Meager inflation and fallbenchmark U.S. 30-year bond raised the likelihood that share ing borrowing costs have under prices will continue their record run

U.S. STOCKS

pinned a three-year rally that more than doubled the value of the Dow

Among the most active stocks. ConAgra fell after Nomi Ghez, a Goldman, Sachs & Co. analyst, removed the food company's stock tending a five-day rally. Dataquest, from the firm's "recommend list." lowering her investment opinion to 'market perform.'

Banks, whose profits benefit when semiconductor market probably rebounded back with positive growth in 1997. Dataquest estimates that advance. I.P. Morgan, Citicorp, Bankers Trust New York, Republic New York, Chase Manhattan and Bank of New York all rose.

\$150 billion last year.
The Philadelphia Semiconductor
Index rallied 4.05 points to 279.08.
Intel and Applied Materials both Sun Microsystems, which was higher, may rise 50 percent to 60 this

revenue for the industry reached

were higher. Regional telephone company stocks fell, with Bell Atlantic, Bell-South, Ameritech and US West Commonications Group among the decliners. Last week, a federal court

in Dallas struck down parts of the Telecommunications Act that hindered the Baby Bell telephone companies from offering long-distance phone service to customers in the computer industry, said the their region. (Bloomberg, AP)

Netscape Warns It Faces Big Loss

MOUNTAIN VIEW, California - Netscape Communications Corp. shares fell Monday after it warned of a fourthquarter loss of up to \$89 million and said it would close some operations and slash jobs to fo-

cus on software development. The maker of the internet browser Netscape Navigator said the loss resulted partly from slow growth. It said the loss would include \$35 million to account for the restructuring and \$52 million in charges related to its acquisition of Actra Corp. and Kiva Software. Netscape shares closed Monday na \$18.5625, down \$4.8125.

DOLLAR: Investors Seek Safety of U.S. Assets Amid Fears of Falling Prices

Continued from Page 1

States," such as the planned introduction of a single currency and the effects the Asian crisis will have on European economies.

Mr. Sullivan noted that European banks have heavier exposure to South Korea than their American coooterparts, and questions remain about what impact Seoul's debt problems will have on other countries.

Lower interest rates justify Much of the money flowing into higher share prices," said Timothy dollars Monday found its way into O'Grady of First Capital Group, a the Treasury bond market, where the unit of First Union National Bank. yield on the believether 30-year is'A drop in borrowing costs would sue fell to 5.74 percent from 5.85 have a call-money rate of 3.30 perhelp offset any disappointments we percent on Friday Monday's yield, requ. Mr. Sollivansaid, which is far, a. U.S. recession because of the de-; \$1.6295 from \$1.6455

was the lowest return since the government began regular issues of 30-

year after withstanding Microsoft

Corp.'s entry three year ago into the

computer networking software mar-ket, according to Goldman Sachs &

Co. technnlogy analyst Laura Co-

Semiconductor shares gained, ex-

a research company based io San

Jose, California, that specializes on

nigliaro, Barron's reported.

year bonds in 1977. While Mr. Greenspan's comments about deflation huoyed the bond market, Mr. Sullivan said it was demand for dollars that was respon-

FOREIGN EXCHANGE

sible for the big gains, "oot the other way around," Even with the falling yields, U.S. credit-market investments have higher returns than those of many other major countries.

Jan. 5, 1998

Grains

+640

lars. The high level of federal funds relative to the 30-year bond means the Fed is now considered unlikely to raise interest rates and may be

inclined to cut them, analysts said, For the 30-year issue, Mr. Sollivan said the yield could fall to as low as 5.50 percent by February. Looking further ahead, Mr. Yardeni said the return would be 5.00 percent at the end of this year and 4.00 percent at the end of 1999, with the federal funds rate falling to 3.00 percent.

below the roughly comparable 5.50 flationary pressures be sees and the percent target on federal funds, the effect on the economy of the Year overnight interbank loan rate in dol- 2000 problem, in which some com puter programs will misfunction be cause they will not recognize the

turn of the millennium. The fallout from Asia means that not all bond prices will benefit, Mr. Sullivan said, noting that those is sued by corporations with exposure to the region are likely to come

Against other major currencies the dollar rose to 6.1095 French francs from 6.0346 francs Friday. and to 1.4823 Swiss francs from-

AMEX

Monday's 4 P.M. Close The 300 most traded stacks of the day, up to the closing on Wall Street. The Associated Press.

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INTERNATIONAL FUTURES

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South Koreans Face A Dying Old Order

Financial Crisis Stirs Societal Change

By Seth Faison New York Times Service

All Aller Alle practice, common among house- fashioned ways of this country. And wives, draws together a group of that is good news for an entire genacquaintances to pool their cash saveration of younger men and women ings and trust one among them to manage the pool profitably. Often, that means providing the money to a inches to open a control of the last and a control of the control of the last and a control of the last and a control of t credit-starved business at a high in-

finances, participated in this kind of arrangement for years and earned well above what she could have on ber own. Putting her cash in someone else's hands, Mrs. Kim also found, allowed her to avoid reporting her holdings to South Korea's aggressive tax authorities.

A few weeks ago, however, Mrs. Kim got the shock of her life. The · King woman in charge of her 30-member group disappeared with all the money, roughly \$2 million. "In the old days, that would never

happen," Mrs. Kim said. "My daughter was suspicious of the old daughter was suspicious of waring the way. Maybe now I should listen to

'South Korea's financial crisis, so much worse than anyone had predicted, is forcing business execudecades. Financial methods and practices left over from a simpler era mands of a more modern society, like ability was bound to lead to abuses. accountability and openness, and it is as true for big conglomerates as it is for-housewives like Mrs. Kim.

The current crisis emerged from a tight collusion between big companies and government that meant that credit was allocated using political, and not financial, criteria. Only when several of South Korea's enorwhen several of contract of the mobbankrupt did the extent of the prob-

When international bankers gathered in New York, Tokyo and London last week and agreed to defer more than \$10 billion in Korea's short-term debt, they were mainly interested in keeping the nation from defaulting in a way that would prevent Korean banks from ever paying back the loans,



that despite a steady modernization over the past 40 years, the nation'a economic and social system still resembles the strict hierarchy of a small village, built on an ethos of trust in a relatively small number of elders who are only informally accountable to the larger group. That may have been fine in the old village, but now it is badly outdated.

on loyalty and short on efficiency.

Young South Koreans complain

By and large, Koreans did not seem surprised that a system of bribery, politically motivated loans and fiscal irresponsibility was widely practiced by heads of conglomerates. What was so shocking was the scale of corruption and coltives, government officials and or- lusion. The old Korean financial sysdinary people to thoroughly rethink the way they have done things for players — and their misdemeanors remained small. But as companies grew into multihillion-dollar operare abruptly clashing with the de- ations, the lack of adequate account-

> After Hanho Steel Co. went bankrupt in early 1997, for example, an investigation showed that the chairman, Chung Tae Soo, had borrowed \$6 billion for the company, and had used several hundred million dollars of that loan to bribe officials to keep authorizing cheap bank loans, keeping some for himself. Even more stunning, perhaps, was

the revelation that the head of the conglomerate that owned Korean Airlines had made a beeline for the presidential mansion in 1983 when a Soviet fighter plane shot down KAL Flight 007, killing all 269 people on board. The first concern of the executive, Cho Choong Hoon, was to hand several million dollars to then-President Chun Doo Hwan, to ensure that Mr. Cho could keep his job.



A bank employee in Seoul appraising depositors' gold jewelry.

lions of dollars in his eight-year rule, was pardoned last month and re- kisn system for flight attendants. leased from serving a life sentence be was given last year.

The election of the liberal reformer Kim Dae Jung on Dec. 18 seems to have given many young people hope that the political system will veer in a more democratic direction. Yet Mr. Kim, who assumes office in late February, is taking over at a time of such financial crisis that it is uncertain how much he can reform the large conglomerates known as chaebol. Even so, the system huilt around these conglomerates is un-

likely to survive in its current form. One aspect of Korean business life that immediately looks vulnerable, for example, is the kisu system of arranging employees by seniority.

Steadily expanding chaebol have hired a new crop of employees each year, labeling each new group acpany has been in business — a tag one has yet to be born."

Mr. Chun, whose total take al- that is expected to remain legedly reached bundreds of mil- throughout an employee's career. Even Korea's main airline had a

> "When you meet someone new at your own company, you immediately ask what kisn they are," a Korean journalist explained 'Whichever one came earlier -- no matter who is actually older treats the other one like an inferi-

> This year, few chaebol will be hiring; in fact, those that do not fall into bankruptcy will more likely be

> laying off people.
> "The old kisu will gradually become meaningless," the journalist

Yet as Mark Clifford, an American journalist, observed in his book about South Korea, "Troubled Tiger," a system so dominated by the government was bound to run into serious financial trouble.

'The old order is shriveling," cording to number of years the com- Mr. Clifford wrote. "But the new

Toyota Plans To Combine Thai Plants

Compiled by Our Stoff From Departue TOKYO - Toyota Motor Corp. Japan's largest automaker, said it would combine its two engine plants in Thailand as it aims to holster efficiency in the face of the coun-

try's economic troubles.

Thailand is suffering its worst economic slump since the 1960s after the government devalued the baht in July. Since then, the baht has lost about half of its value against the dollar and more than 41 percent against the yen, making imported goods such as autos more expensive for consumers.

We need to rationalize our operations considering the economic conditions in the area," a Toyota spokesman said. "Even without the currency problems," he added, "it makes sense to focus our manufacturing in one plant when there is the capacity to do so."

Toyota will close the factory where it casts engine blocks and stamps parts, moving production to a nearby facility that assembles the

Both plants, located near Banekok, make engines for Toyota vehicles produced in Thailand the Corona and Corolla compact sedans, Hilux pickup truck and Soluna mid-sized sedan. The plants comhined employ about 700 workers, none of whom will be laid off, the spokesman said.

Slack demand forced Toyota to shat its two Thai auto plants - the Samrong and Gateway City facto-ries — in early November. Both will resume production on Wednesday, the spokesman said.

Separately, Toyota said Monday it would go ahead with a plan to redistribute production responsibilities between the two assembly plants, hut it acknowledged that the project had fallen behind schedule. The spokesman did not give an

explanation for the delay.

The plan included transferring production of the Corolla passenger car to the Gateway City plant. Toyota's other assembly plant, located about 20 kilometers outside of Bangkok at Samrong, was to concentrate on production of its Hilux truck and van line; it currently produces passenger cars as well as trucks and vans.

Toyota fell 100 yen to 3,640 in Tokyo trading Monday. (Bloomberg, Reiters)



Very briefly:

 Japan's motor vehicle sales in 1997 fell 4.9 percent from the previous year to 5,112,504 units, the first annual decline in four years, the Japan Automobile Dealers Association said. Sales of cars in the year declined 3.7 percent to 3,574,906 and those of trucks dropped 7.6 percent to 1,521,835, the industry group said. Sales of buses went down 8.5 percent to 15,763.

 Daewoo Motors (India) Ltd., 92 percent owned by Daewoo Corp. of South Korea, has cut the price of its 1,300cc Ciclo by 21 percent to 490,000 rupees (\$12,470) to boost

• Fujian Enterprises (Holdings) Co., a listing candidate controlled by the government of the eastern Chinese province of Fujian, is being forced by the Asian financial turmoil to restructure its assets before listing in Hong Kong later this year. The conglomerate said it would increase its asset size hy "as much as possible," because investors are now more selective, according to the company president, Kong Fanli.

· Chivoda Mutual Life Insurance Co. said it planned to huild a 38-story office-residential building in Tokyo, at an estimated cost of 30 billion yen (\$227 million) on the site of the former Hotel New Japan, which humed down in 1982,

 Yaohan Japan Corp., the troubled Japanese retailer, will sell its 90-percent stake in a joint venture supermarket chain in Shanghai to the Dutch food retailer Royal Ahold NV. The supermarket chain Liancheng Yaohan is a joint venture with the Shanghai Commercial Commission, which owns a 10 percent stake.

• Marubeni Corp. and Toho-Towa Co. said that they had formed an international consortium with three European companies to invest in a total of five movies by Universal Pictures. Marubeni and Toho-Towa said the three European parmers were British Broadcasting Corp., Tele/Munchen of Germany and UGC SA of France. AFP, Bloomberg, Reuters

JAPAN: How Can Tokyo Drag Its Economy Out of the Centrally Planned Doldrums?

Continued from Page 1

at zero for last year, after adjustment for inflation. The government is projecting real growth of 1.9 percent for fiscal 1998, but private sentiment is considerably more bearish, with several economists estimating growth of less than 1 percent

u :r= ◆ Such poor performance compounds Japanese economic policymakers' worst problem: As the society ages, there will be fewer workers generating wealth, and more senior citizens claiming public benefits and drawing down their savings. By 2025, 26 percent of the population will be older than 65. Economists at the Organization for Economic Cooperation and Development estimate that by 2030 rising pension expenditures could produce a crippling budget deficit-to-GDP ratio of nearly 20

Robert Feldman, chief economist for Salomon Smith Barney in Tokyo, warns that Japan must achieve huge gains in productivity just to maintain current liv-

Japan will face major difficulties in maintaining living standards over the next 30 years." Mr. Feldman wrote in a report, "At recent levels of productivity growth, per capita income cannot even be kept flat in the face of an aging population."

After seven grinding years of recession and the prospect of a gradual de-

cline in living standards, many economists, business leaders and ordinary citizens now say they are convinced that Japan has ontgrown the postwar setup and must replace it with more market-

oriented institutions. But the bureaucrats at the apex of the system do not share that diagnosis: In their view, the old machinery needs only a bit of tweaking.

Meanwhile, the nation's political leaders have shown neither the ability nor the inclination to push for real re-

A telling example of how this mindset plays ont is Japan's response to the growth of the Internet.

To many American observers, the fact that thousands of jobs and new companies have been created to provide services for the Internet is a testament to the diffident, hyper-competitive culture of entrepreneurs in Silicon Valley and elsewhere - and the speed with which profit-hungry venture capitalists have rushed to finance their best ideas.

But officials at the powerful Ministry of International Trade and Industry in Tokyo have derived a different lesson. What has impressed them is that the Internet was developed with an initial

shove from the U.S. government.

And so they are herding rival Japanese firms into a publicly financed consortium that is developing on-line computer-aided design technologies to inverte the operations of Japanese integrate the operations of Japanese

manufacturing facilities around the

There are "a lot of opportunities" for Japanese companies on the Internet, a trade official said. The ministry plans to turn the entire project over to the firms, he added, "once we get things going." Across the street from the trade

agency, at the Ministry of Finance, the story is the same. Officials there are scrambling to prop up the banking sys-tem with a series of ad hoc reforms they hope will keep weak lenders alive until the economy recovers. Last month they postponed tightening capital adequacy requirements for domestic lenders to head off a credit crunch. This month they will coach politicians from the governing Liberal Democratic Party in drafting plans for administering an \$80 billion "financial stabilization fund."

The United States has experience in this area, too, with the 1980s savings

After several years of propping up weak thrifts just to see their losses get larger, Congress spent \$156 billion in public money to close insolvent lenders, pay off depositors and auction off the

remaining assets. Today U.S. lenders are in a strong position, but that kind of shock therapy is seen by the Japanese as far too messy

and disruptive. "We do not anticipate further bank-rupteies," the deputy minister for in-ternational finance, Eisuke Sakakibara,

Japan, of course, is too rich to need a

told a group of foreign journalists last

Economic malaise has not even galvanized the opposition. Instead, leaders of the main opposition parties have spent months hickering over internal differences that have little bearing on the economy.

With the approval ratings of Prime Minister Ryutaro Hashimoto plunging daily, Ichiro Ozawa - the hlant-talking power broker who many Western observers had considered the best hope for reinventing Japan's political culture staved off a challenge for control of the party that he founded in an internal election. Then days later, he formally disbanded the group and declared his intention to start a new party with a new

"Even hy Japanese standards, policymaking has been too reactive and characterized by a remarkable degree of vacillation and inconsistency," Russell Jones, chief economist for Lehman Brothers in Tokyo, wrote in a recent note to clients. 'This is not an environment conducive to a sudden and rapid escape from the deepening cyclical malaise."

bailont from the International Monetary Fund. Even with its problems, it remains the biggest creditor nation in the world. Yet, it can ill afford this prolonged stagnation. Still, even the many Japanese who say reform is needed shudder



Eisuke Sakakibara, deputy minister for international financial affairs.

at the idea of embracing American-style capitalism — with its harsh focus on individual responsibility and clear distinctions between winners and losers. Richard Katz, New York correspon-

dent for the Japanese husiness magazine Diamond Weekly, wrote in a recent essay in The Washington Quarterly: "Like many IBM veterans who would still like to keep pushing out mainframe computers in a PC world. Japan continues to adhere to obsolete policies simply because they used to work."
Japan's leaders, he argued, are "hlinded by the glare of past triumphs."

China Steps Up War On Illicit Exchange

BELIING — China, alarmed by the recent meltdowns of several Asian currencies, said Monday that it would step up its battle against illegal foreign ex-

change dealings.
The foreign exchange authorities recently indicated that they would take further effective measures to punish sternly illegal flows" of funds, the of-

ficial Financial News reported. China made its currency convertible on the current account in 1996, allowing free transactions on all trade-related foreign exchange buying and selling and

relaxing controls on some nontrade transactions. It also opened the way for arbitrage, or profiting from differences in price in two different markets. Some domestic and foreign funds have started entering China through various illegal channels to engage in foreign exchange arbitrage, interest rate arbi-

trage and exchanging currencies through deception," the newspaper said. An investigation by foreign exchange and police authorities uncovered a gang involving a number of companies in Guangdong and Hebei provinces that

obtain \$19.5 million, it said. In another case an overseas institution illegally sent capital to Fujian Province and then used the money to speculate in securities, it said.

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had used fake customs debentures to

People's Daily: **Capitalist Tool**

SHANGHAI — The staid People's Daily, mouthpiece of the Chinese Communist Party, jumped onto the stock market bandwagon Monday by publishing a new fimancial section aimed at the nation's growing ranks of shareowners. Readers were greeted by a new

four-page money and financial sec-tion, including "candlestick" charts for the Shanghai and Shenzhen composite stock indexes. The paper, which normally fills its gray columns with official press releases, said it was opening the Year of the Tiger with a weekly

rundown of bulls and bears in a bid to offer readable economic cov-"The riger has pulled open the curtain and stepped onto the stage

of 1998," the newspaper said. China's flagship newspaper is still the circulation leader, with about 2.5 million subscribers, but its market share has sagged in recent years as competitors serve up fashion models and investment tips

over party propaganda. The number of investors on the Shanghai market rose 41.67 perccut in 1997, to more than 17 million, while Shenzhen gained 50 percent, to more than 15 million, Official statistics showed.

AUTOS: Detroit Joins Race for 'Clean' Car

Continued from Page 13

thusiasm for cleaner cars partly reflects commercial realities. When the U.S. automakers joined forces last summer with oil and coal industries to set up a lobbying campaign against an international agreement to limit global warming, their Japanese rivals declined to participate.

Then, in October, Japanese automakers stunned the international auto industry by unveiling several fuel-efficient, low-emission cars at the Tokyo Motor Show. U.S. and European manufacturers were caught flat-footed in Tokyo, still showing off high-performance but gas-guzzling sports cars and sport-utility vehicles.

Mr. Smith said in an interview that the Tokyo Motor Show had made a profound impression, leaving him with the conclusion that GM would have to be a leader in high-mileage cars with extremely low emissions.

"It crystallized in my mind we needed to do a good job on that," he

William Ford Jr., chairman of the finance committee on Ford Motor's board of directors, said that whichever automaker reached the market first with a reasonably priced, alternative-fuel vehicle would win a significant competitive advantage. Fuel-cell engines use chemical re-

actions to produce power, instead of hurning fuels like an internal-combus-

والمستنفي والمراجع والمراوي والمتحاصية

it hoped to have a fuel-cell-powered car ready for mass production by 2004, and a hybrid car powered hy both a gasoline engine and an electric engine by 2001.
Thomas Gale, Chrysler's executive

vice president for product strategy, said Sunday that his company's latest pro-totype, to be unveiled Tuesday at the North American International Auto Show in Detroit, would represent "the most pragmatic approach yet to future power trains." But Chrysler, which is just half the size of GM and Ford, has not been able to devote the same resources as its larger rivals to the de-

velopment of advanced vehicles. Ford already holds 95 percent of the United States' small market for alternative-fuel vehicles that run on natural gas, propane, alcohol or electricity. Almost all of the buyers are government agencies, which buy them because of federal mandates, and utilities that have virtually free supplies of electricity or natural gas.

But GM's decisions really set the pace for the global auto industry because it remains the world's largest automaker, selling one-sixth of the world's cars and trucks.

GM has been leasing the world's first mass-produced electric car, the EV-1, with little success for the last year in Arizona and California. Robert Purcell, GM'a director of advanced vehicles. announced Sunday that the antomaker would introduce a new battery this autumn that would double the car's range tion engine. GM announced Sunday that between rechargings, to 160 miles.

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EUROPE

Reed Elsevier Sells 74-Title Magazine Unit

LONDON — A British venture lower its earnings slightly this year capital company said Monday it had agreed to purchase Reed Elsevier ceeds. The British-Dutch publishing Company said it planned to use the management buyout valued at £860 million (\$1.41 billion).

illion (\$1.41 billion). core scientific, professional and business divisions as it prepared to of Britain's largest management buyouts ever and puts an end to months of intense speculation about who would tion will have no effect on the terms buy IPC, publisher of 74 otles ranging from the listings guide TV Times Loaded, a men's style magazine.

merge with the Dutch publisher Wolters Kluwer NV. The transacof the proposed merger, announced

pending reinvestment of the pro-

proceeds to continue to develop its

Oct. 13, Reed said. The sale of IPC continues Reed

Reed Elsevier said the sale would wer its earnings slightly this year focus on high value-added areas of by Cinven's clients, Paribas, ABN-adding reinvestment of the pro
"mnst-have" information, and re
AMRO and Greenwich Street Capduces significantly its exposure to ital, an affiliate of Travelers Group the consumer markets, Reed said.

IPC Magazines — excluding ranged to underwrite all of the debt New Scientist, which Reed Elsevier finance, Cinven said. will keep - reported 1996 sales of £314 million, with profit before in-terest and taxation of £63 million, approximately £230 million. After Reed Elsevier said.

funding and £580 million of debt.

Inc. Goldman, Sachs & Co. ar-

The net assets sold with the busiappropriate tax provisions and Cinven said the deal would be selling costs, the net proceeds are backed by a combination of equity expected to be in the order of £750 million, Reed said. (Reuters, AFX)

Global One Won't Confirm Japan Rumors

PARIS - Global One, an international telecommunications venture providing services for busioesses, said Monday that it would not comment oo a newspaper report that it was pursuing ties with Japan Telecom Co., Japan's No. 3 telephone company.

"There may be talks with a number of potential partners, but nothing can be confirmed yet," said Dagmar Merz, a spokeswoman for Global One, an alliance of Sprint Corp., Deutsche Telekom AG and France Telecom SA.

The Yomiuri Shimbun newspa per said Mooday that Japan Telecom planned to cooperate with Global One in the international telecommunications businesses. Under the plan, the two would connect their networks to sell a range of services to businesses, the daily

said, quoting company sources.
Global One has been looking for partners in Asia to expand its presence there. It said in June it was in talks with a number of companies in the reginn.

The sources said that Japan Telecom and Global One also planned to set up a joint venture. Global One Asia, in Japan as part of their cooperation in the region.

The president of Japan Telecom, Koichi Sakata, is expected to visit the United States this month to begin formal negotiations, they ad-

Japan Telecom was established in 1986 as a new common carrier for domestic long-distance services when the domestic market was deregulated. In October, it merged with International Telecom Japan Inc. and has started providing domesoc long-distance and interna-

(Bloomberg, AFP)

• The European Commission will investigate global aviation accords between Air France and both Continental Airlines and Delta Air Lines, sources said. Vodafone Group PLC, Britain's higgest mobile telephone service provider, said it would spend 896.3 million guilders (\$440.7 million) to raise its stake in the Dutch telecommunications company Libertel to 61.5 percent from 35 percent. Axa Global Risks, a unit of the French Insurance company Axa-UAP SA, is offering large companies coverage for the possible loss of husiness or damage to data or software

Very briefly:

coverage will be set on a case-by-case basis. • Debonair Holdings PLC, a low-cost British airline, plans to open a fourth hnh in Calabria, Italy, starting Feb. 1. The airline, which already operates hubs in London, Barcelona and Munich plans to capitalize on a "forthcoming massive infrastructural expansion of southern Italy."

associated with the passage to the year 2000. The cost of the

• SAir Group said it expected the flight operations of its Swissair unit to return to profitability in 1997 for the first time in eight years. The company would not give specific figures, but said it would release 1997 results March 30.

 Legal & General Group PLC shares rose 7.7 percent, to a record 590 pence (\$9.68) after the insurer offered to buy all its ootstanding convertible bonds in what, if successful, would amount to a £220 million share buyback.

• Vickers PLC said its chief operating officer, Chris Woodwark, responsible for its Rolls Royce Motor Cars unit, had resigned. The company plans to sell the luxury car business in the next few months.

Schering AG, the German drug company, said it expected profit and sales growth of 9 percent for 1998, with results suffering from economic turbulence in Asia.

· Assicurazioni Generali SpA, Italy's largest insurer, has received permission from the Bank of Italy to own and operate its own commercial bank, and has taken a 90 percent stake in Cassa di Risparmio di Trieste, a private banking associate of Generali, for an undisclosed amount. The bank will be renamed Banca Generali SpA. AFX, Bloomberg, Reuters

W: Thinking Small Once Again

Continued from Page 13

on the market. Back in 1949, wheo the first Beetles were sold in the United States, they cost \$800, the equivalent of about \$5,400 in in-flation-adjusted 1997 dollars.

— even side air bags are standard. A water-cooled, 115horsepower engine under the hood front-wheel drive and most cars are transmissions, unlike the old Beetles,

which usually had stick shifts. Even Vnlkswagen's advertising igency, Arnald Communications in Boston, has a lot to live up to. Past ad campaigns for the Beetle were acclaimed for their innovation. Those famous ads, created by Doyle Dane Bernbach, a predecessor of DDB Needham, brought skepticism and irreverence to Madison Avenue in

the early 1960s. One ad commanded huyers to "think small," suggesting the Beetle was the antidote to Detroit's

giant, chrome-laden sedans. The Beetle chagged into the American consciousness beginning in 1949 and was sold in the United States for three more decades. It became a symbol of freedom in the 1960s, the perfect accessory for a pair of bell-bottoms.

The car's design was substantially unchanged far mare than 50 years. The Beetle was first designed oo Hitler's orders as an affordable family car named the Kraft durch Freude, or "Strength through Jny" car. The New York Times, viewing the car in 1938, called it a "beetle" and the name stuck. Later, the name was translated into German and the cars were called der Kaefer in Ger-

thousands of Americans, popular with students and others who were budget-minded as well as those who

simply loved the car's style.
"Everyone that you meet has a story about a Volkswagen," said Alan Bulgrin of Dearborn, Volkswagen spokesmen say that the new car will be larger than its older brother and will come with the fabric of America." He planned fatest environmental and safety fea- to go to the North American International Anto Show in Detroit

just to see the new car. Even the Beetle's many flaws will replace the tiny air-cooled en- were endearing. Drivers who gine in the back. The new version has wanted more air-conditioning than was available from rolling down a likely to be sold with automatic window were forced to choose between cooling off the car or the power to climb hills.

And while something was always gning wrong with Beetles, they were so simply made that most people could get them going again by fiddling with a hose or even with a

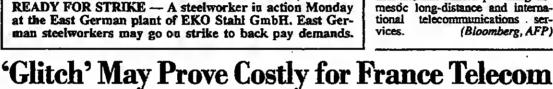
well-placed wallop. Auto industry experts expect the car will appeal to twn key gronps: nostalgic baby boomers and members of Generation X who have lately been craving all things retro.

Dealers whn have already begun taking orders are not certain that the new car will have its predecessor's

staying power.
When the car gets here, we'll probably be deinged," said Roger Nielln, president of Niello Volkswagen in Sacramento, California. "1'll be curious to see how deep the market is."

Predictions of the new Bug's prospects are mixed. Some Wall Street analysts are convinced that the New Beetle will sell only as a oovelty item.

"Maybe the people who belong to the Sierra Club who aren't rich enough to buy an EV-1 electric car will huy a Beetle." said David Healy, an auto analyst at Burnham Securities. He predicts most buyers will use the new Bug as a second or



PARIS - Canal France Inter-France, said Mnnday that it was suing France Telecom over a techsuing France Telecom over a techby France Telecom.

The mistake, which brought a France, said Munday that it was curred because of a switching error nical glitch that led to the broadcast of a pornographic film around the flurry of apologies from CFI and the

A spokeswoman for CFI said a preliminary hearing was to be held Islamic views of decency. Tuesday in Paris commercial court. No nne was immediately available efforts to reach audiences in the owned by 21 Arab states.

at France Telecom to comment. CFI said when the glitch occurred national, a state-financed television in July that it took no part in the channel that broadcasts outside broadcast. It said the mistake oc-

Arah world instead of a children's French government, led an Arab satellite operator, Arabsat, to ban CFI from its airwaves for violating

Arab world, where most Western programs are American-made. CFI was the only channel broadcasting French programs to the Arah world until Arabsat agreed to lease airtime to the French language chan-

nel TV5 in October. In 1995, CFI's programs had a potential audience of more than 33 million people in and around the Middle East. Arabsat, which operates television, telephone and data The ban dealt a blow in French transmission services, is jointly

Beetles were the first cars for third car.

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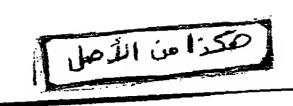
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SPORT!

Phillips Fits Bills

FOOTBALL Wade Phillips was hired as coach of the Buffalo Bills of the National Football League on Monday. Phillips, the defensive coordinator, succeeds Mary Levy, who retired last week.

Phillips was head coach of Denver for two years and was fired after a 7-9 finish in 1994. He became the Bills' top defensive coach a year later. A team source said Phillips received a four-year contract. (AP)

Inter Ends Juventus Run

SOCCER Inter Milan handed Juventus its first Serie A defeat of the season in the game between the top two teams in the Italian League.

Youri Djorkaeff scored the only goal two minutes imo the second half, sliding the ball in from close range after Ronaldo had beaten two defenders. Inter ended the game with 10 men after Benoit Cauet was ejected for stomping on an opponent, but Juventus could not score.

Inter leads Juventus and Udinese by four points. Udinese was the last team to beat Juventus in the league. That was last April, 21 games ago.

• In Spain, Atletico Madrid beat

Racing Santander, 2-1, oo Sunday night to move up to fourth place in the league. Striker Christian Vieri started bis first game since November and put Atleoco ahead after 42

Eagleson May Bargain

ICE HOCKEY Alan Eagleson, the former executive director of the North American National Hockey League Players Association, was expected to agree this week to a plea-bargaining arrangement that could result in an 18-month jail term in Canada, according to reports.

The Toronto Sun and Toronto Star. citing anonymous sources, also said the lawyer is expected to be fined about \$1 million in the United States.

Eagleson faces a 34-conot indictment in Boston, including fraud and embezzlement, and is expected to appear before a U.S. federal judge Tuesday and plead guilty to at least three felony counts, the oewspapers said.

He is then to be turned over to Canadian officials and returned to Canada to appear in a Toronto court Wednesday. There, be is expected to plead guilty to criminal charges, the newspapers said.

The charges relate to Eagleson's time as an official with the players NHL(AP)

Conner Takes the Lead

SAILING Toshiba, with Dennis Conner at the helm, took the lead Monday in the 1,270-nautical-mile fourth leg of the Whitbread Round the World yacht race from Sydney to Auckland, New Zealand.

Toshiba is the third boat to hold the lead since the leg began. Toshiba had been last after Conner jumped the starting gun Sunday and was recalled to the starting line.

At 1200 GMT Monday, Toshiba held a 2.2-mile lead over Merit Cups and was 2.8 miles ahead of Swedish Match

World Roundup Chiefs Go for a Score, **But Go Home Instead**

Broncos Win on Fourth-Down Incompletion

By Leonard Shapiro Washington Post Service

KANSAS CITY, Missouri - Out of time-oots with seconds remaining and unable to hear the play called by coaches because of the roar of the home crowd, Elvis Grbac threw an ill-advised fourthdown pass toward the goal line that will haunt him and the Kansas City Chiefs for another agonizing offseason.

The Chiefs needed two yards for a first down. Their quarterback aimed the ball into double coverage, looking for wide receiver Lake Dawson in the end zone. When Denver cornerback Darrien Gordon leaped high to tip the ball over Dawson's head and incomplete with 12 seconds left, the Broncos knew they had escaped ear-splitting Arrowhead Sta-dium with a 14-10 victory that propelled them into the American Football Con-ference championship game next Sun-

day in Pittsburgh.

"There was some chaos going on."

Dawson said of the Chiefs' huddle.

"It's the players who have to go out

and make the plays, and we didn't make the plays wheo we had to offensively," said Grbac, who regretted oot having a play ready sooner when he couldn't hear one sent from the sideline through the radio system to his headset.

Grbac's troubles overshadowed another fourth-quarter, game-winning drive by Broncos quarterback John Elway, the 44th of his career. The drive was capped by the second of two oneyard touchdown runs by Terrell Davis.

The wildcard Broncos (14-4) will move on to face the AFC Central champioo Steelers, who beat them, 35-24, in Pittsburgh oo Dec. 7 after trailing by 14

While Denver won its first road play-off game since 1987, the Chiefs (13-4) were eliminated although they had the best record in the AFC and home-field advantage in the postseason for the second time in three years. In 1996, the Indianapolis Colts also knocked them out in the second round in this stadium.

Kansas City's coach, Marty Sebot-tenheimer, — 5-11 in the playoffs as a head coach, 3-7 with the Chiefs—surely will get much of the blame for his team's loss. In the final minutes, the Chiefs were disorganized and confused.

The Broncos made plenty of big plays, in all phases of the game. The biggest oo offense may have been Elway's 43-yard pass to wide receiver Ed McCaffrey on the second play of the fourth quarter. McCaffrey cut across the middle to catch the ball and dash down

out at the one-yard line.

Three plays later, oo third and goal at the one, running back Terrell Davis, wearing a flak jacket to protect his sore ribs, slipped through a hole and into the eod zooe for the touchdown that provided a 14-10 lead with 12:32 re-

maining.

Davis, the AFC's leading rusher, finished with 101 yards and two tonchdowns oo 25 carries.

After his second scoring run, the Chiefs had the ball three more times in the final period. On their first possession of the fourth quarter, they tried, and failed, to pick up a first down on a fake field goal sniffed out by the Broncos bench and relayed to the players on the field.
"We knew it was coming," said

holder Louie Aguiar three yards short of a first down. "Once I saw him pick it up, there was no question about what was going to happen."

The Broncos forced a punt on the Chiefs' oext possession before Kansas City got the ball one last time at its 17 with 4:04 remaining. They already had wasted two precious time-outs in the first 11 minutes of the third quarter getting organized on offense, and in the final minutes of the fourth, it came back to destroy them.

Grbac, starting his first playoff game, converted a fourth-and-nine play with a
12-yard throw to Dawson at the Broncos
41. Two plays later, after a holding
penalty against the Chiefs, he picked op another first down with a 23-yard throw to Andre Risoo to the Denver 2g on the first play after the two-minote warning.

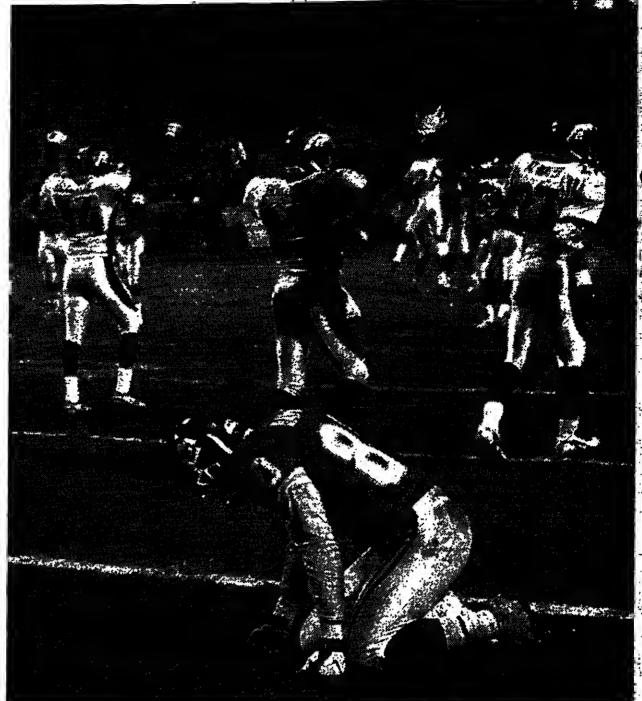
Instead of stopping the clock by spiking the ball after Rison's catch, Grbac called a time-out instead, on instructions from the bench, he said later.

Grbac said he began having trouble hearing play calls from the bench, so he started calling them himself.

On first down, a pass to Kimball Anders gained only a yard. Second- and third-down passes were completed to tight end Ted Popson, who turned back into the playing field on both catches instead of turning to the sideline to get out of bounds and stop the clock.

The third-down play began with 56 seconds left, and by the time Grbac had the ball snapped on fourth and two at the Denver 20, only I9 seconds were left. Most Broncos said they were sur-

Most Broncos said they were sur-prised Grbac didn't try to pick op the first down instead of going for a touchdown. "A more veteran quarterback with more experience in a big game probably wouldn't have done that," linebacker Bill Romanowski said. "He's a quarterback who's not experienced winning games like that. Joe Montana, John El-



With the Chiefs' Lake Dawson kneeling in the end zone after the last pass, Broncos raised their arms in triumph.

One More Time, the Curse Unhorses Schottenheimer :

KANSAS CITY, Missonri — You'd think that after a while, a superior team or the law of averages or plain old dumb luck would deliver Marty Schottenheimer from this playoff hell in which he's been stuck forever.

But he's still there, still unable to beat Denver's quarterback, John Elway, as coach of the Cleveland Browns or the

Still losing feverishly intense games right at the end, whether it's oo the wrong end of a 98-yard drive, his owo player's fumble at the goal line or, now, a fourth-down incompletion in the end

zone with a dozen seconds left. You look at the long list of playoff losses, the agonizing nature of each and every one, and you figure Schotten-heimer must be a bad coach. But he isn't. Or that he must be a bad guy. Bot

Or that he must be cursed. Which be may be.

Thirteen full seasons as a head coach. 11 times in the playoffs, still no trips to the Super Bowl

"I'm disappointed, as you could well imagine," Schottenheimer said after the 14-10 loss. "Very, very disappointed. Denver's Dedrick Dodge, who tackled

Period: E-Grier 4 (Kovalento, Murray) 34 Period: E-Hamrilk 4 (Weight, Miranov) (pp). 4 L.A-Galley 5 (Tsyphakov, Murray) 5. L.A-

Vantage Point/Michael Wilbon

It's bard to put into words." What coach doing. I said many, many years ago knows more about the agony of defeat? when I first started coaching that at the Dolphins, 21-3, in the third quarter? Is it to be successful?' less according than "The Drive," Elway's 98-yard masterpiece in Cleveland in 1987 that the Broncos woo in overtime to reach the Super Bowl? Or "The Fumble" by Earnest Byner a year later at the goal line in Denver?

Does it hurt more than the 1996 loss when Lin Elliott missed three field goals in a 10-7 loss to the wild-card Indi-

anapolis Colts here?
Thing is, Schottenheimer iso't just respected in football coaching circles, he's revered as both a teacher and innovator. Yet, the man who's oever had a losing record in a full seasoo is 5-11 in

the playoffs. Does he feel cursed?

"No, I don't," he said, appearing to pause before answering. "Certainly, that's a very legitimate question. We all work hard as the devil at what we're

Is this one worse than the first playoff—end of each day I would walk to my defeat he suffered, as coach of the mirror and look in it and ask, 'Marty, is Browns, the 1986 loss in Miami by the score of 24-21 after his tearn led the in this day to enable your football team

maybe I haven't done as much as I needed to do."

Schottenheimer said a few words to his team: "I have no words of wisdom that are meaningful to them at this point."

Even though his quarterback, Elvis Grbac, was quick to say, "Coaches can only do so much," the Chiefs blew it and coaching decisions contributed.

He and his staff had decided they had to run the ball, give it to battle-tested Marcus Allen in particular, somewhere near 20 times. But Allen had just 12 rushes and the whole team ran only 24 times, while Grbac threw 37 passes in bad weather even though his team was oever more than one score behind. Denver, by way of contrast, ran 32 times and

Elway threw just 19 passes.

The Chiefs used two of their three

timeouts in the third quarter because of confusion over plays and protection.
Schottenheimer, whose Pro Bowl.

kicker, Pete Stoyanoviche had missed, two field goals all scascos including one Sunday, called for a fake field goal; (nosuccessful) with his team trailing, 14-10, when a real field goal (from 49 yards) would have allowed the Chiefs to yards) with a field goal instead of a real had goal ins win with a field goal instead of a touch.

With 1:51 to play and a pass to Andre: Risoo having put the Chiefs inside the: Deaver 30, Schottenheimer elected to use his final timeout. A spike would, have saved that final timeout.

'I didn't sense that time was a probalem," Schottenheimer said. "I thought at that point in time I wanted to make sure that we got everything organized, and ready to go."

But he readily acknowledged Clearly, the absence of those two, timeouts at the end puts you in a very difficult situation."

Someone asked the toughest question of all, whether there's anything Scholtenheimer could say to the critics who blast him for oot winning big games.
"I can't argue with them right now."

he said. "I can't argue with them."

SCOREBOARD

BASKETBALL **NBA STANDINGS** 6 213 8 750 10 A55 11 633 20 394 24 250 22 241 13% 18 17% 19 27 32 21-- 99 27 29 24 19--109 Washington 27 29 24 19—109 P. Chapmon 10-21 | 1-11 33, McDyess 6-10 NBA announcement Official complete-game videos

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4-6-16: W: Howard 11-21 7-829, Sirickland 11-15-4-11 24. Resecueds—Phoenix 42 (Rebiction 7), Washington 55 (Howard 10), Assists— Phoenix 22 (Kidd. Nest S), Washington 26 (Sirickland 11), 28 28 42 71-329 5: Boker 12-16 6-11 30. Schrampf 10-12 0-0

Vencewer 33 28 20 22 10-108

S: Borker 12-16 6-11 30, Schrampf 10-12 0-0

22, Hawkins 5-77-8 22, Paylon 8-16 3-4 22; V: Abdor-Rohitm 9-17 3-5 21, Mack 9-14 1-1 21. Rebounds—Seatet 36 (Schrampf Bolter 7), Vancouver 56 (Chillorif 10), Assists—Seafile 31 | Paylon 9), Vancouver 28 (Thorpe 6).

Chariette 18 17 24 21—90
Sacrosteente 23 29 26 18-164.

C: Weekly 6-11 4-4 17, Amestrong 3-5 1-1 7, S: Richmond 7-18 8-12 23, Polynice 9-14 0-0 18, Rebounds—Charlotte 39 (Massa 11), Sacrosteente 24 (Richmond 51).

Philedelphia 13 34 27 29-113

LA, Lotters: O'Neal 12-19 2-7 24, Bryant 6-18 7-11 20, Rebounds—Charlotte 17 (Massa 11), Joscon 8-13 11-11 22; LA, Lotters: O'Neal 12-19 2-7 24, Bryant 6-18 7-11 20, Rebounds 60 (C'Neal 16), Assists—Philadelphia 22 (Iverson 11), Los Angeles 60 (C'Neal 16), Assists—Philadelphia 22 (Iverson 11), Los Angeles 33 (O'Neal 16), Los Angeles 33 (O'Neal 16), Los Angeles 34 (O'Neal 16), Los Angeles 35 (O'Neal 16), Los Angeles 36 (C'Neal 16), Los Angeles 36 (C'Neal 16), Los Angeles 36 (O'Neal 16), Los Angeles

MAJOR COLLEGE SCORES

Syrocuse 71, Rutgers 68 Arkansas 62, LSU 59 Rhade Island 74, Temple 64

ICEHOCKEY NHL STANDINGS

CRICKET South Africa: 287 and 113

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THREE-DAY MATCH, FMAL BAY MONDAY DI MATARA, \$76 LARKA NGODWE 311 for 6 declared 73 15 6 52 127 105 21 13 6 50 116 98 18 16 8 44 104 103 18 19 5 41 101 100 15 22 5 25 105 120 14 19 7 35 94 105 Sri Lanka Board XI; 313 for 8 declared Match ended in a drow. GOLF

WORLD PARKTHOS

1, Grey Norman, Australia, 10,93 points

2, Tiger Woods, U.S., 10,76

3, Emile Els. South Africa, 10,14

4, Mick Price, Zimbatwe, 9,78 3. Emire Ele. South Africa. 10.14
4. Nick Price. 2 Embateve. 9.78
5. Dovin Love 3d. U.S., 9.58
6. Colin Mandgomeria. Britain. 9.33
7. Phil Michatson, U.S., 9.58
8. Tem Lehman, U.S., 8.96
9. Massochi Cirold. Japans. 8,85
10. Mark O'Masma, U.S., 7,80
11. Justin Leocard. U.S., 7,80
12. Dovid Ouvel. U.S., 6,87
13. Brod Forom. U.S., 6,86
14. Steve Etdington. Australia. 6,46
15. Vijoy Singh, Fiji, 6,52

WORLD CUP

WOMER'S SLALOM

Perfect: E-Grier 4 (Kovajenko, Menroy) 30 Perfect: E-Heardik 4 (Weight, Minnow) (pp).
4 L.A.-Golley 5 (Tsyploton, Murroy) 5. L.A.-Ferror 2 (Byterno, O'Donnell) Stebs on great: L.A.-139-13-43. E. 11-19-8-35. Goaties: L.A.-Fiset, E.-Joseph.
Anothelm 2 0 1 0-2 Florida 2 1 0 8-2 1st Perfect. E-Weish 4 (Fitzgerdd, Lindsoy) 2 F-Mellonby 7 (Niedamosyer, Whitney) 3. A., Karlya 7 (Niedamosyer, Whitney) 4. A.-Rucchin 6 (Young) (sh). 2d Perfect: A-Selotons 33 (Young) only 2d Perfect: A-Selotons 33 (Young) Overtimes: Nane. Shorts on great A-11-5-11-0-27, F-10-18-11-4-43. Gedlies: A-Heberl, F-Venthiesbroock, Detrait
19 (McCarty, Brown) (pp). 2 C-Miller 1 (Carney, Chelica) 3d Perfect: C-Shouothan 19 (McCarty, Brown) (pp). 2 C-Miller 1 (Carney, Creeko) 3d Perfect: C-Shouothan 19 (McCarty, Brown) (pp). 2 C-Miller 1 (Carney, Creeko) 3d Perfect: C-Shouothan 19 (McCarty, Brown) (pp). 2 C-Miller 1 (Carney, Creeko) 3d Perfect: C-Shouothan 19 (McCarty, Brown) (pp). 2 C-Miller 1 (Carney, Creeko) 3d Perfect: C-Shouothan 14 (Shoniz, Carney) 4 C-Zharntov 8 (ed.) Shots on greate: O-10-8-8-26, C-9-11-9-29. Geelies: D-Osgood, C-Hackett. ompognomi, 585; 5. Erit, 535; o. Archana. Leissnitzer, Austria, 461; 7. Isolde Kostmer. FOOTBALL

NFL PLAYOFFS AFC SEMERIFICALS
Deriver 14 Konsos City 10

CONSTRUCT GEARPOORERS SIRBAY, JAN. 11 Denver at Pffishungh, 12:30 p.m. Green Boy of Son Francisco. 4 p.m.

AUSTRALIA VI. SOUTH APRICA SECOND TEST, FOURTH DAY

Australia: 421
S. Africa wan by an innings and 27 runs. en lanka poarr XI vs. zmrajyt

MONDAY IN BORBHO, ITALY 1. Yivo Nomes, Swe, 1 mix 27.81 sec, 442.75

Haly, 395; 8. Renate Goelechi, Austria, 361; 9. Lella Piccard, France, 300; 10. Hroyat, 297. SOCCER

ITALIAN PERST DIVERSEN inter Milan | Juvenius G STANDONAR: Inter Milan 33 points: Javentus. Udinese 29: Pours 26: etc.

TENNIS

HOPMAN COP NONOM IN PERTH, AUSTRALIA SPAIN 2, SLOVAKIA 1 Arondo Sonchez Vicordo, Spein, del. Korino Hobaudova, Slovelda, 6-2, 6-3, Karol Kucara, Skredia, def. Carlos Maya, Spein, 7-5, 6-4. Maya and Vicurio def. Kucara and Heb-sudova 7-6 (7-3), 6-1.

SOUTH AFRICA 2, UNITED STATES 1 SOUTH APRICA 2, WHITED STATES 1 Chands Rubin, U.S., del. Amende Coetter, South Africa, 6-4, 6-3, Warne Ferreira, South Africa, del. Jorettun Stark, U.S., 7-6, 6-4, Ferreira and Coetter def. Stark and Rubin 6-2, 5-7, 6-1.

TRANSITIONS

HOCKIEY

NATIONAL HOCKEY LEAGUE

LES ANOGLES—Assigned LW Donald
MacLeon to Fredericton. ANL. Received G
Frederic Chooks from Houston, IIIL.

NEW 4ERSEY—Treaded RW Bill Guerin and
It Voter! Zelepublin to the Edmonton for C
Jesen Arnott and D Bryon Mult. Received C
Brandou Montaun from Albomy, AHL. Assigned G Peter Stocklawicz to Albumy.

TORONTO—Received C Juntle Baker from
Calcope, IHL.

Iverson Steals the Show From Shaquille

Guard Scores 31 as Sixers Deal Lakers First Loss With O'Neal in Lineup

The Associated Press

Allen Iverson scored 31 points, hit IO of 11 free throws and had 11 assists as the Philadelphia 76ers handed the Los Angeles Lakers their first loss of the season with Shaquille O'Neal in their lineup. The Lakers had been 9-0 with

their big man.

The Sixers' surprising 113-107 victory on Sunday night gave them their

NEA ROUNDUP

first seasoo sweep of the Lakers since the 1982-83 season. "He was great the whole game " the

Sixers' coach. Larry Brown, sage of Iversoo. "He's had some great g. nes, but under the circumstances this is the best one I've been around. I've told him be's played about as good as a point guard can play. He might have topped it though, because he played against a quality team."

It was Nick Van Exel's job to guard Iverson, and be oeeded lots of help. "It's really hard to try to contain that

kid because be's so explosive, and his first step is incredible," said Eddie Jones, Van Exel's backcourt mate. "We kind of forgot about how defense is supposed to be played. We just let Niek be one-on-ooe against him, and Iverson's so fast it's hard for one man to cootain him."

O'Neal led the host Lakers with 26 points and 16 rebounds in 31 minutes off the bench. It was his second game back after being sidelined with an abdominal

Derrick Coleman, who came off the injured list Dec. 19, had seven points and eight rebounds in 33 minutes for Philadelphia. Jim Jackson added 28 points and Theo Ratliff had 20 points and 10 re-

bounds for the Sixers, who had lost nine



ing for a lay-up against the Lakers.

of their previous 11, including a 90-73 defeat at Seattle on Friday.

"Seattle just kind of toyed with us," Brown said. "Then to come in and play

he came back at 5:46 and hit 6-of-6 free



a team like this, where we don't have depth and size, we're worried about foul trouble, and then we played great. I don't

know if it gets any better than that."

Jackson picked up his fifth foul about three minutes into the fourth quarter, but

'near-perfect' game, adding that "if it and Seattle made its first 12 shots from

was a perfect game, we never would have lost the lead." The Sixers closed the game with a 23-10 run. Iverson and Jackson scored 19 of the team's final 23 points.

throws down the stretch. He called it 4.

Iverson, a 67 percent free throw shooter, hit four straight free throws as the 76ers took the lead for good.
SuperSonies 120, Grizdles 108 in Vancouver, Vin Baker scored 30 points

3-point range. Seattle finished 13-of-lif-from behind the arc. While the NBA doesn't keep records for consecutive 3-point shots, the Indiana Pacers hold the record for the most without a miss in one game — 7-for-7; against Atlanta on Jan. 20, 1995.

Kings 106, Hornets 90 In Sacramento, Mitch Richmond scored 11 of his 281 points in a lopsided first quarter and Sacramento went oo to lead by 30 in the second quarter.
The Sacramento centers, Michaell Stewart and Olden Polynice, dominated

the middle. Stewart had 10 points, nine rebounds and three blocks, and Polynice had 18 points and nine boards. The Homets center, Vlade Divac, was held to 2 points on 1-for-4 shooting. Glen Rice, coming off a season-high_ 42-point game against the Heat, was contained to 5-for-16 shooting and 15.

In a game reported in late editions, Monday:

Wizards 109, Sune 99 In Washington, Juwan Howard scored 13 of his 29 points in the fourth quarter and grabbed

Washington scored the first 12 points of the game and never trailed. Phoenix, behind Rex Chapman's season-high 33 points, tied the game in the fourth quarter before Washington pulled away.

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SPORTS

Montgomerie Wins Rapid \$1 Million

of the Monty, but it's a sulting champions. ry good start — to come to to beat Emie Els in the

Montgomerie earned \$1 million in the match-play competition.

doked as if Montgomerie third place. Els earned \$350,000; Meshiai got \$300,000. Love. who was 4-down

with four boles to play, halved his deficit with a 10-foot (3-

dieter) birdie putt on No. 33 and a 25-footer on No. 34. Montgomerie, the event's Amifinals Saturday against

The Associated Press feet from the pin, while Mont-SCOTTSDALE, Arizona gomerie lofted his 3-iron shot Colin Montgomerie beat within 10 feet. Love's putt Davis Love 3d, 2-up, in the veered left and went past the thole match-play final of cup by 10 feet. He conceded Andersen Consulting the match to Montgomerie, Andersen Consulting the match to Montgomene, world Championship of who joins Barry Lane of England and Greg Norman of "I'm not saying it's the Australia as Andersen Con-

The \$1 million check aerica and beat two major matched the biggest payday tampions of golf and two for Montgomerie, the leading money winner on the PGA two players I highly resaid Montgomerie, five consecutive years.

Love got \$500,000, which topped the \$470,000 he received for winning the 1997 PGA Championship. Els easily beat Meshiai 4

"For a while Sunday it and 3 in the 1g-hole match for The \$3.65 million event at

Grayhawk Golf Club culminated a yearlong, single-elimination tournament featuring 32 of the world's top players. Beginning in 1999, it will be European champion, then 3- played in February at La getted for bogey on No. 35 for Costa in Carlsbad, California, The part of the four-event where world Golf Championships. Love hit the flagstick in the The renamed Andersen Consulting Match Play will fea-This time, Love pulled his the official world golf rank-second shot left and was 60 the official world golf rank-



YIva Nowen leaning into a turn Monday in Bormio, Italy, as she won her fourth consecutive World Cup slalom.

Nowen Turns 28 With a Slalom Victory

winning her fourth consecutive wornen's World Cup slaiom. Nowen, a Swede who, in seven years on the circuit, bad not won a race before

this season, triumphed in a combined time of one minute 27.81 seconds after Urska Hrovat of Slovenia crashed on the second run.

The two were tied after the first run. Hrovat skied after Nowen in the second

and slid out, "When I saw Hrovat was BORMIO, Italy — Yiva Nowen cellevel at the intermediate time I thought shrated her 28th birthday on Monday by know where she went wrong, but the next thing I knew she'd fallen." Hilde Gerg of Germany took second place in 1:28.53 after a brilliant per-

formance on the lower part of the piste in

Gerg, whose best performance in a World Cup slalom before this season was ninth four years ago, was 13th after

ings to a teammate, Katja Seizinger, who finished 13th in 1:29.26.

Deborah Compagnoni, the double

Gerg's podium finish brought ber closer in the overall World Cup stand-

Seizinger leads with 931 points to Gerg's 754. Nowen, who is way ahead in the slalom standings, is third overall with 633. Spela Pretnar of Slovenia finished third in 1:28.58.

Olympic champion who comes from nearby Santa Caterina, was fourth after the first leg and led at the intermediate stage in the second but faded badly and finished 12th in a combined time of

Warne, who was engulfed by teammates when he captured claimed his 300th wicket in test cricket Monday as Aus-Kallis's wicket. Only Kallis, whose century tralia beat South Africa by an earned South Africa a draw in innings and 21 runs in the the first test in Melbourne last When the Australian leg-spinner bowled Jacques Kal-

Australian Takes

300th Wicket as

SYDNEY - Shane Warne

second test.

the field late in the day.

three-test series.

South Africa Falls

week, showed any application before he became the eighth wicket to fall. lis for 45, he became only the It was the fourth time 13th man in test history in Warne has taken 10 wickets reach the milestone and com-

simply unable to cope with

in a test match and his 14th pleted a disastrous day for the five-wicket innings haul. Australia has resumed the Warne took six wickets as day on 392 runs for nine

South Africa was all out for wickets in its first innings and 113 runs in its second inadded 29 more runs to reach nings.
South Africa's defeat was 421 all out Reiffel and Glenn Mcdelayed for three hours because of a heavy downpour,

Grathm, Australia's fast bowlers, took two early wickbut Australia wrapped up the innings after the umpires brought the teams back onto ets before Warne came on. In quick succession, he removed the South African captain Hansie Cronje, Herschelle Gibbs, Brian McMillan, Play was possible in the murky light because of the Shaun Pollock and wicketfloodlights, and it was raining keeper Dave Richardson.

when pace bowler Paul Re-Taylor contributed to Poliffel wrapped up the innings at 7.10 P.M. local time. Auslock's downfall by bolding a catch at slip, the 50th time tralia took a 1-0 lead in the Taylor has combined with Warne gave a mesmerizing Warne to dismiss a batsman performance and took 11

in test cricket. At the age of 28, Warne wickets in the match for 109 became the second-youngest Warne has taken 300 wickbowler behind retired India all-rounder Kapil Dev to take ets in 63 tests at an average of

300 test wickets.

Blackhawks' Hex **Still Stops Detroit**

The Associated Press The Detroit Red Wings may be the Stanley Cup champions, but they still struggle against the Chicago

winning second goal with 12:52 left Sunday night as

NHL ROSHDSP

Chicago scored a 3-1 victory over the defending league

The Blackhawks have won In Miami, Teemu Selanne one and tied one against the scored his league-leading 33d Red Wings this season. Last season. Chicago won three, tied two and lost only one against Detroit.

"Amonte's goal came on a after the Ducks pulled goalie perfect pass from Jeff Shantz. Joff Hackett made 25 saves, and the defense rarely let the

zone by fighting through Bob to beat the Oilers.
Rouse's check along the Edmonton has boards and threaded a pass straight at home and is win-past two defending players to less in its last eight games Amonte's sock in the right circle. Amonte lifted the puck over diving goaltender Chris

Osgood for his first goal in

scoring for the fourth straight game. Kevin Miller also scored for the Blackhawks, who are 5-1-2 in their last eight games, with Hackett al-Blackhawks. lowing only eight goals. Sun-Tony Amonte scored the day, be allowed only Brendan

Shanahan's power-play goal. Until Sunday's defeat at Chicago, coming after Friday's loss to San Jose, the Red Wings were the only NHL team that had not lost consecutive games. Mighty Ducks 3, Panthers 3

goal of the season with 39.1 seconds left in regulation time to give Anaheim a tie with Florida. Selanne scored Guy Hebert to get six skaters on the ice.

Kings 3, Oilers 2 In Edmonhigh-scoring Red Wings get ton, Ray Ferraro scored with into the clear.

ton, Ray Ferraro scored with 4:17 left in the third period as

Edmonton has lost five

Roman Hamrlik's powerplay goal put the Oilers up 2-I early in the third period, but Kings defenseman Garry Alex Zhamnov added an Galley tied it with seven

Hrovat skied after Nowen in the second run, matched the Swede's time split and was pushing hard when sbe leaned heavily into a gate in sight of the finish line the first run and was trailing at the time split in ber second run. ''I just thought: 'You've got nothing to lose. Go for it, even if you crash out,''' she said.

South Africa Beats U.S. in Hopman Cup

The Associated Press PERTH, Australia - Amanda Coetzer, the world No. 4 from South Africa, was steamrolled Monday by Chanda Rubin of the United States, but recovered to team with Wayne Ferreira for a 2-1 victory at the Hopman Cup tennis tournament

Rubin trounced Coetzer, 6-4, 6-3, in women's singles in the match between



Karol Kucera hitting a backhand to Carlos Moya in the Hopman Cup.

Ferreira came from a set down to beat Jonathan Stark, 3-6, 6-3, 6-4, and then

Ferreira and Coetzer beat the Americans, 6-2, 5-7, 6-1, in mixed doubles. Rubin did not think she was as good

as the score line suggested "I wasn't quite there," Rubin said. "I'll need to get my first serve percentage up if I want to compete as well as I need to at the Australian Open."

Earlier, Carlos Moya, the world No. 7 from Spain, looked weary as he started his Australian Open buildup by losing in straight sets to Karol Kucera of Slovakia, 7-5, 6-4. Moya was defeated in the finals of the Australian Open last year. Moya's teammate, Arantxa Sanchez Vicario, beat Karina Habsudova, 6-2, 6-

3, and was the strongest player in the mixed doubles, which the Spaniards "I was very lucky because I was with one of the best donbles players in the world," Moya said. "She played better

than me." It was Moya's first mixed doubles match. Sanchez Vicario has won 55 doubles titles, including six Grand Slam doubles and three Grand Slam mixed

Moya will play Pat Rafter of Australia in the next round of the Hopman event. Bjorkman, the top seed, advanced Monday to the second round of the Australian Men's Hardcourt Championships, beating South Africa's Grant Stafford, 6-4, 6-2.

In the second round, Bjorkman will face Jason Stoltenberg of Australia, who beat Juan Antonio Marin of Spain, 6-4,

Vincent Spadea of the United States defeated sixth-seeded Nicolas Kiefer of Germany, 6-3, 4-6, 6-4, while Jan Siemerink of the Netherlands edged eighth-seeded Dominik Hrbaty of Slovakia, 6-3, 6-7 (5-7), 6-3.

■ Was Borg Paid for Davis Cup?

Bjorn Borg secretly received \$220,000 to play on Sweden's Davis Cup teams in 1978 and 1979, Swedish national tele-Press reported from Stockholm.

"It was necessary that we have Bjorn Borg in Davis Cup matches. Public opinion demanded it," said Peter Wallenberg, chairman of the Swedish tennis

federation during those years.

In 1977, Borg had threatened to leave the team. The tennis federation reportedly offered him \$100,000 for playing in Davis Cup matches in 1978 and \$120,000 for 1979.

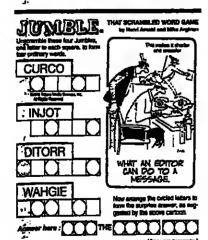


Shane Warue of Australia celebrating his milestone.

empty-net goal for Chicago, minutes left. **DENNIS THE MENACE**



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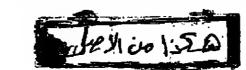
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DOONESBURY









WASHINGTON — A serving breakfast at lunch-gaggle of parents was siming around talking about— "Do your kids talk to you what else? - our ehildren.

Ralph Benowitz asked, "How many hours of sleep do your children need when they are home on

vacation?" "At least said. "They're never awake when we're up. They must go out at when night we're asleep.'

Buchwald Ralph said, "Our kids are very reasonable unless we wake them up before noon, even if they have a telephone call. They want us to take the message or at least tell the caller that they can't

e disturbed." Dr. Kaufmann, our neigh-Angela Peabody said. "I borhood M.D., said, "Stube disturbed." always wortied that Sally wouldn't get enough sleep. But ever since she started going to Stanford, I worry that she's getting too much.

We all agreed that the main reason kids slept until 2 in the hide out in their rooms for the afternoon was to avoid doing ehores around the house.

Lily Bradley said, "The only thing I really object to is

Exhibition Honors Winston Churchill

Reuters

LONDON --- A large exhihition of Winston Churchill's paintings opened Monday.

The London auction house Sotheby's is displaying more than 100 Churchill paintings, hroad brushstroke eanvases depieting scenes from Cannes he said, "Why didn't some-to Cairo. The exhibition eel-one call me?" ebrates the 50 years since Churchill's election by Britain's Royal Academy as an honorary academieian extraordinary.

"Do your kids talk to you when they get up?" I asked

Diek Singer. He said, "Sometimes yes, sometimes no. It depends on what kind of evening they've had. My daughter found out that her boyfriend had dated another girl so she didn't talk to me for two days."

Alfred Metzer told us he thought rap music would get his kid going. "I did an ex-periment. I started to play the music outside his door at 8 in the morning, but there was no movement inside his room. When I mentioned it later he said, "I heard it, hut it only made me more sleepy."

dents firmly believe that if they get no sleep at school, they can make it up on vacation. After they pay their respects to their parents the first day home, they usually rest of the holidays. This is especially true if they have their own telephone.

Cary Walters said, "My Edith slept yesterday until 2 in the afternoon. I became disturbed and found her in her room, staring the ceiling. When I asked her what she was doing she answered, "Counting my hlessings."

"Has anyone had a child who slept through Christ-'No, why?'

"I have. When he came downstairs and saw that all the presents had been opened

We all decided that a wellrested child was a plus, as opposed to one who was wide awake at night at the wheel of his car on the highway.

Honoring the Vanquished in the French Ratings

By John Vinocur

tional Herald Tribuni PARIS — Nothing special here: Ratings dip for a television sta-

tion's main evening news program, a different news director takes over, and the anchorman is bounced. It happens.

But three months after he disappears from the TV screens, the anchorman rises to the edge of the top 10 in his countrymen's ratings of who they like the best and consider counts the most, alongside cumstances of his downfall, pop singers, the actor Gerard Depardieu and Ahbe Pierre, a priest who has the status of a national Mother Teresa. The fired anchor- adverse to pushing the idea man's head-to-head rival on the that he was brought down by other main channel, whose conviction for pocketing cash and lavish gifts from the crooked son-inlaw of a disgraced politician is upheld by an appeals court, places 38th in the popularity poll. But his TV audience ratings have never been stronger.

"The French honor the vanquished," says Bruno Masure, the anchorman without a joh, groping for an explanation, but realizing he is clarifying nothing. He smiles the same half-smile that made a career. that, whatever the prompter's text, said night after night to the millions and millions, I-don't-believe-thisstuff-any-more-than-you-do.

It is probably not excessive to say that this country, rich hut insecure in a world increasingly impervious to its astuteness, often finds more empathy for the ironies of failure than the bluntness of too simple success. The French can distrust most everything, television news included, hut losers get sus-

Look at Jacques Chirac: In one of the all-time ill-advised political moves, he dissolved the National Assembly when he had a majority vast enough for an Idi Amin or a General Trujillo, hlew the election he eoncocted himself, and lost most of his presidential levers in the process. But his popularity rose af-terward, and is hlipping upward

again, a crocus pushing through the boards of a hurned-out palace. Erie Cantona quit soccer, virtually dropped out and rose six places in the poll published Sunday in the Journal du Dimanehe.

Unlike the president, who came in 29th in the rankings, and does oot talk much about how he came to grief, Masure, in 11th place, is rather open about the cira little amused by his enormous spurt in popularity as designated victim, and not the combined forces of television's crassoess and the world of politicians.

He says, "People write or come up to me and say, 'You, at least, you had a little look in your eye that said you kept your distance from all their speeches and all their agitation. I have the very good feeling of oot having worked completely for nothing because people got it. So maybe the popularity poll has something to do with this. Of course, it's completely stupid that I'm 20 places ahead of [Prime Minister Lionel] Jospin. You've got to take it for what it is. Yet televisioo is an enormous magnifying glass Bruno Masure, dismissed aneborman, has risen in popularity polls.

and the audience knows whether you're more or less sincere. In my case, people just didn't understand what happened to me. Did Bruno do something wrong?"

The simplest version of Masure's demise was that the French main state television channel, France 2, saw little chance of gaining ground on its privately owned competitor, TF1, with the 50-yearold Masure continuing as anchorman. There seemed to be oo more



its back oo show biz and junk. In a the Western Wall in Jerusalem. very politicized little world, he had no pols in his corner; over the years, they had complained he

offered them next to no air time. What Masure did not like in parsein belehes, they're off to ticnlar — "maybe I have another chromosome structure," Masure Baghdad. says — was focusing all the statioo's attentioo on so-called hig stories, such as the death and fuoeral of Diana, Princess of Wales, yield in his puns, in his ironic smile, or anchoring the nightly program or in what he elaimed was an approach to the news that tried to turn cations like Hong Kong Harbor or minority in my own house. I said I

"Me doing a circus oumber in front of a historical monument? No. I know I'm completely in the minority on this. Dan Rather and the others do it. As soon as Saddam Hus-

We did unbelievable things on Lady Di. We put oo an eyewitness who had seen nothing, who was in a hotel room. We did absolutely was wrong when I saw how the world was devastated by Lady Di. but frankly r couldn't believe it.

The only route to survival for the channel, supported in part by a tax on owners of television sets, but also from " advertising revenues work away from TFI, was in emphasizing its difference, Masure argued. He didn't win. His replacement, in the meantime, has lost further ground to the opposition and its anchorman. Patrick Poivre d'Arvor, during a year when he was fined for

An Appeal
For Calm
By Suharto
Amid Crisis assaulting a photographer and when a court reaffirmed his 15-month suspended sentence for taking managers and gifts from the jailed son. in-law of the former mayor. of Lyon. When he is asked how he looks at being off the air while Poivre d'Arvor's program has gained in strength, Masure replies:
"Those zappers work.
People know how to use them. They preferred TF1.

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We never knew how to resolve the problem. We should have stressed our difference." Then he adds, referring to Poivre d'Arvor, "It's a mystery for every-one. If the French press didn't find it strange or scandalous, why should French public opinion, which has other things on its mind, get worked up about it?"

One of many very nice things about France, Masure suggests, is that it tends to be so forgiving that its losers virtually always land on their feet. He says he is thinking about writing or maybe doing ra-dio. Besides, Masure points out, he can think of only a single anchor on French television io the last decades who left the joh on his own schedule. That person, it is noted, does not figure on the list of the country's 50 most popular person-

MOVIES

Satire Revived: What Did You Do in the War, Hollywood?

By Stephen Holden New York Times Service

NEW YORK — The Gulf War may have failed to drive President Saddam Hussein of Iraq out of office in 1991, but it certainly didn't hurt the popularity of its most vocal proponent, President George Bush. The war proved an instant political windfall, spiking up his approval ratings and banishing forever any lurking suspicions that he may have been, God a wimp

This rosy political scenario wasn'i lost on Hollywood. In 1995, Michael Moore, the filmmaker best known for his documentary "Roger and Me," wrote and directed "Canadian Bacon," a buffoonish political satire starring John Candy, in which the United States rattles its sabers at Canada in a ridiculous attempt to boost presidential popularity. Alan Alda is the mealy-mouthed

president given to making unfortunate statements even "Network" (1976), Sidney Lumet's bitterly like, "It's lime to turn off the war machine and turn funny attack on the plug-in drug and American on our children." Done in the goofy slapstick style of a "Saturday Night Live" sketch, the comedy was too

broad to threaten anyone, and the movie flopped. Now comes Barry Levinson's "Wag the Dog," a cooler and smarter variation on the same theme, done this time in a crisp deadpan style and with much higger stars (Dustin Hoffman and Robert De Niro). The movie, which has a wickedly funny screenplay by Hilary Henkin and David Mamet, offers a

vision of entertainment higwigs collaborating with amoral yuppie earecrists (especially Anne Hecbe as an reily efficient presidential adviser) that would be ehilling if it weren't so funny. In "Wag the Dog," an unscrupulous presidential handler (De Niro) reaches out to a proven master of

grand illusion — a Hollywood producer named Stanley Motss (Hoffman) — to stage a fake war on television to boost the president's soon-to-sag approval ratings. It is II days before Election Day, and the president has just been accused by an under-age girl of sexual molestation right in the Oval Office. What

better distraction from this political catastrophe-in-

the-making than a timely, winnable little war in which no one gets hurt? In its satirical acuity, "Wag the Dog" eclipses



Robert De Niro, left, and Dustin Hoffman in "Wag the Dog.

yahooism, which until now was as bold a satire of media power as Hollywood had produced.

How acidie do movie audiences like their satire? Hollywood has traditionally remained so wary of full-scale satire that it has rarely bothered even to test the waters. But the box-office performance of "Wag the Dog," which opened in the United States on Christmas Day and has so far attracted a respectable number of viewers, should provide some clues, because the movie pokes fuo not only at presidential handlers and Hollywood hueksters but

also at a sheeplike American public.
Underneath its outrage, "Network." in which a visiooary madman becomes a television star and rouses the masses to take up his slogan, "I'm mad as hell and I'm not going to take it anymore," espoused a sentimentalized populist view of the relationship between news media and the American public. The American public, the film imagined hopefully, really understands that much of what television supplies it is the mental equivalent of toxie baby food. All we need to waken from our

collective stupor is a mad prophet to arouse us. "Wag the Dog" has no such illusions. No sooner has the president initiated an undeclared war against Albania, of all places, than that poor little country is lywood in-joke.

instantly demonized as a hotbed of anti-American terrorism. The first television news images unleashed by the campaign (all contrived through Hollywood-style casting and the computer-doctoring of seg-ments filmed on a sound stage) show an anguished young girl run-ning across a burning hridge. There's just one hitch: the Cen-

tral Intelligence Agency, which has not been let in on the scheme, dis- award from the National Socovers that the war is a fake and is ciety of Film Critics; Robert miffed. A premature peace agreefinal, inspired attempt to keep the jingoistic fever alive until Election for "Afterglow." Day, a war hero is invented — a lone American soldier who has been discovered behind the lines and whose glorious homecoming is balhooed as a major media event. But Sergeant William Schumann

(Woody Harrelson), the man selected to play the hero, turns out to be psychotic and proves far less manageable than his handlers expected. Even a cootrol-freak movie producer someimes makes mistakes. And in the world of "Wag

the Dog," when people prove uncontrollable, they must be eliminated. "Wag the Dog," like "Network" and to a lesser degree, the recent "Devil's Advocate," in which Satan runs the world's greediest, most amoral law firm, knows who its targets are. They are the people who have power over imaginations through advertising, television, movies and, in the case of

law, flamboyant showmanship. In varying degrees, these movies are revenge fantasies; they gratify our envious wish that the rich and the powerful pay for their privileges with the loss of their souls. And in the world of "The Life Styles of the Rieh and Famous," in which every professioo seems to generate its own Hot 100 roster lop movers and shakers, it often looks that way. He rankings are based on power, not on the quality

Since mainstream filmmakers have been notoriously reluctant to ridicule their own profession, "Wag the Dog" shows a certain nerve in making Stanley Motss such a myopic Hollywood provincial. Instead of a sweeping indietment of politics as show business, the movie ends with a punch line that for all its eleverness has the force of a Hol-

PEOPLE

THE National Society of Film Critics has named "L.A. Confidential" the best film of 1997, the fourth such award for the black comedy. "L.A. Confidential," based on a novel by James Ellroy and directed by Curtis Hanson, has also received the best film designation from the New York Film Critics Circle, the Los Angeles Film Critics Association and the National Board of Review. Hanson also received the director's Duvall was named best actor. Christie won as best actress

A British physicist and an Israeli hysicist have won the for their work in quantum mechanics. Yakir Aharonov, a professor at the University of South Carolina and Tel Aviv

share the \$100,000 prize, the Jerusalem-based Wolf Foundation announced Monday. The is one of the largest eollections of Babar items, prizes are given annually for outstanding achievements in physics, ehemistry, medicine, agriculture, mathematics and the arts.

Frederick Forsyth, the author of the elassic thriller "The Day of the Jackal," says he is disappointed by the new film version of his novel. "I think it's very tacky," he said, although he conceded that he had oot seen "The Jackal," which stars Bruce Willis and told TV Guide. "They said, 'II'll look like Richard Gere. Forsyth told the Daily Telegraph in Londoo that Fred Zinnemann, who directed the first Jaekal film starring Edward Fox, was also enraged at the idea. "This new film iso't a remake, it's entirely different," the author said. "You might just as well make an entirely oew film and call it 'High Noon."

smartly dressed King of the Elephants, has come to rule in the library of Kent State University in Ohio, the result of a collector's gift. The collection of 3,600 items is "unique



EVEN BORGS NEED LOVE - The actress Just Ryan with a Borg during the opening of Star Trek: The Experience, in Las Vegas. The theme park is staffed by people dressed as "Star Trek" characters;

University, and Michael V. Berry, a pro- and exceptional," according to Amer fessor at England's Bristol University, will Hildebrand, Kent State English professor. and Babar scholar. The university estimates it in the world, valued at \$200,000.

> Tom Selleck, the "Magnum P.I." star who appeared more recently on "Friends," is going back to television full time. He'll star in a new CBS siteom, "The Closer." The actor said he had to ignore a lot of advice urging him to forgel televisioo. "Most people in the husiness lold me not to do Friends." Selleck

A descendant of the Bounty mutineer Fletcher Christian has sparked another, mutiny 200 years later. The islanders, who set up home on the remote Pacific outpost after their mutiny oo the high seas, are now launch-Bahar, the artist Jean de Brunhoff's the great-great grandson of the mutin-martly dressed King of the Elephants, has fellow islanders by registering Pitcairn as a domain on the information superhighway. Islanders say the profits should be shared.

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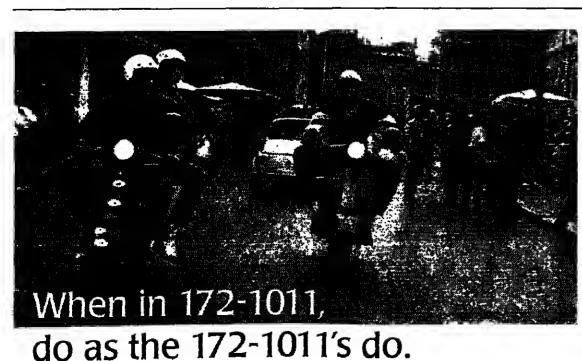
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